24 March 2021

CPPGroup Plc
("CPP", "the Group" or "the Company")

FULL YEAR REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Resilient performance; continued strategic progress and recommencement of dividends

CPP Group (AIM: CPP), the multinational provider of personal protection and insurance products and services, is pleased to announce its full year results for the 12 months ended 31 December 2020.

Highlights

- Group revenue increased by 2% to £141.1 million (2019: £138.4 million)
- Revenue from Ongoing Operations increased by 5% to £130.1 million (2019 restated: £123.9 million).
- Adjusted EBITDA increased by 17% to £10.3 million (2019: £8.7 million). Start-up losses from our investment in business growth projects totalled £3.1 million (2019: £3.3 million) resulting in an EBITDA of £7.2 million (2019: £5.4 million).
- Operating profit increased to £3.3 million (2019: £1.6 million).
- Profit before tax increased to £2.0 million (2019: £1.1 million).
- Cash balance of £21.9 million as at 31 December 2020 (2019: £22.0 million).
- Recommencement of dividend payment – the first since 2011, with a proposed final dividend of 25 pence per ordinary share.

Strategic progress

- Effective response to COVID-19 with continued new business wins and pipeline growth in a challenging economic environment.
- Strong recovery in India, the Group's main market, with a better than expected return of partner and consumer confidence in the second half.
- Resilient performance of the renewal books in our UK and EU markets, and an encouraging performance in our Turkish operation.
- Partner base grew 10%, demonstrating our value in times of wider economic uncertainty.
- Customer numbers grew 11% to 11.7 million, showing continued consumer demand for our products and services despite the impact of COVID-19.
- Operational restructuring commenced in Q1 2021 to generate efficiencies in our Spain, Mexico and Malaysia businesses.

Financial and non-financial highlights

£ millions	31 December 2020	31 December 2019	Change	Constant currency change[1]
Financial highlights:				
Group				
Revenue	141.1	138.4	2%	7%
Adjusted EBITDA[2,3]	10.3	8.7	17%	26%
Investment in business growth projects[4]	(3.1)	(3.3)	6%	6%
EBITDA[2]	7.2	5.4	32%	49%
Operating profit	3.3	1.6	103%	151%
Profit before tax	2.0	1.1	78%	139%
Basic loss per share[5] (pence)	(19.3)	(11.7)	(65)%	n/a
Dividend per share (pence)[6]	25.0	—	n/a	n/a
Net funds[7]	15.3	14.9	3%	n/a
Segmental revenue				
Ongoing Operations[8]	130.1	123.9	5%	11%
Restricted Operations[8]	11.0	14.5	(24)%	(24)%
Non-financial highlights:				
Customer numbers (millions)	11.7	10.6	11%	n/a

1. The constant currency basis retranslates the previous year measures at the average actual exchange rates used in the current financial year. This approach is used as a means of eliminating the effects of exchange rate movements on the year on year reported results.
2. EBITDA represents earnings before interest, taxation, depreciation, amortisation and exceptional items.
3. Adjusted EBITDA excludes costs associated with investments in business growth projects.
4. Investment in business growth projects of £3.1 million (2019: £3.3 million) comprises start-up costs relating to the UK £1.1 million (2019: £1.2 million), Blink £1.3 million (2019: £1.2 million), Bangladesh £0.2 million (2019: £0.2 million), Southeast Asia £0.2 million (2019: £0.4 million) and our share of losses in KYND £0.3 million (2019: £0.3 million).
5. 2019 basic loss per share has been restated to reflect the impact of the share consolidation completed on 29 May 2020. Further details are provided in note 2 of the condensed consolidated financial statements.
6. Final dividend proposed which is expected to be paid on 12 May 2021, with an ex-dividend date of 8 April 2021.
7. Net funds comprise cash and cash equivalents of £21.9 million (2019: £22.0 million), a borrowing asset of £0.1 million (2019: £nil) and net investment lease assets of £nil (2019: £0.2 million) less lease liabilities of £6.7 million (2019: £7.3 million).
8. 2019 has been restated for the transfer of an Italian renewal book from Restricted Operations to Ongoing Operations. Refer to note 2 of the condensed consolidated financial statements.

Jason Walsh, CEO of CPP Group, commented:

"While we saw major disruption from COVID-19 in the second quarter, the response of our teams, resilience of our model, and improving conditions in key markets meant we were able to deliver a robust performance in the second half and solid numbers for the full year.

The business is built on the strength of its partnerships and during the year we were not only able to maintain our base but grow it. This demonstrates the value large-scale firms attach to our offering as a means to enhance their competitive advantage in times of heightened economic uncertainty. The rate of recovery from the pandemic will vary by territory and we recognise the need to continue managing the situation with care. However, there are positive signs across our key markets that give us confidence in our ability to continue to deliver progress.

The reinstatement of the dividend is an important moment for CPP. After many years of reorganisation and investment, the Group is now positioned for what we expect to be a period of continued growth, underpinned by our businesses in India, Turkey, and the UK. With the support of a robust balance sheet and solid cash generation, the Board are confident that the time is right for a stronger focus on shareholder returns in which the dividend has a key role.

While the Group currently does not generate positive EPS – leading to an uncovered dividend on that basis – future profit growth and progressive normalisation of the tax position will allow movement towards conventional dividend cover to follow. The Board has thus proposed the final dividend at a level which it is confident can be grown in the years ahead."

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About CPP Group:

CPP Group takes away many of the stresses and strains of daily life for millions of people across the globe. In collaboration with selected partners in each country in which the Group operates, it develops, aggregates, offers and supports a range of personal protection and insurance products, which are sold alongside, or packaged with, the core product offerings of the Group's partners. CPP is listed on AIM, operated by the London Stock Exchange.

For more information on CPP visit https://international.cppgroup.com

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Chairman's Statement

I am pleased to present my first report as Chairman, having joined the Board in mid-November and assumed this role at the end of January 2021. In the time that I have been involved with the business I see evidence of a strategy evolving, as well as products, services, partners and operating capabilities that I am confident will generate growth in the next few years, as well as satisfactory returns to shareholders.

A year ago, few people had comprehended the implications of the COVID-19 pandemic and its impact on companies and their customers. It is to the considerable credit of the management and our people that, having suffered from the impact of COVID-19, particularly in the second quarter, the Group was able to recover and operate so strongly in the latter part of the year; a performance that provides encouragement when considering the outlook for 2021 and beyond.

At the time of writing, we remain in the grip of the pandemic, though news regarding vaccines provides hope that a return to a more normal environment will take place over the next few months. In the meantime, we remain focused on the health and safety of our colleagues and we continue to follow government guidelines in each of the countries in which we operate.

Results

The operational progress is reflected in the results considered in this Full Year Report. Revenues increased to over £140 million, driven by a growth in customer numbers and I am also pleased that, in the current climate, we continue to add new partnerships such as Gallagher in the UK. Combined with improved operational efficiency, this has resulted in EBITDA of £7.2 million (2019: £5.4 million). CPP retains a strong balance sheet, with cash amounting to £21.9 million as at 31 December 2020 (2019: £22.0 million).

People

These achievements could not have been delivered had it not been for the commitment and fortitude of our colleagues throughout the organisation. On behalf of the Board, I offer my thanks to all of them.

The Board has seen several changes with Simon Thompson joining as a Non-Executive Director in June, prior to my own appointment in November. After the financial year ended, Sir Richard Lapthorne retired as Chairman, a role he had held since May 2016, and Nick Cooper also left as a Non-Executive Director at the end of February. I would like to thank them both for their service to the Company and to wish them well.

Dividend

I am pleased to announce that the Board is recommending the re-introduction of a dividend for the first time in almost ten years. This reflects confidence in the future of the Group and the prospect of rising profitability and cash generation. The proposed final dividend for the year is 25 pence per ordinary share.

Whilst wholly contingent on financial results, the economic climate in the countries in which we operate and there being no material adverse and unforeseen developments, it is the Board's intention to increase the dividend paid over the next few years.

David Morrison
Chairman
23 March 2021

Chief Executive Officer's Statement

2020 was a year characterised by robust financial and operational progress despite the disruption caused by the COVID-19 pandemic. We are growing the business and building value for shareholders and, while the pandemic meant we had to adapt rapidly to new ways of working as well as with changing consumer behaviours, our organisational culture and focus on forging long-lasting relationships with our partners meant we were able to navigate its challenges, grow and end the year a stronger business.

Revenues for the year were up 7%, on a constant currency basis, to £141.1 million, underpinned by growth in our customer base of 11% to 11.7 million. This performance bodes well for what we can achieve as trading conditions begin to normalise. India, the Group's main market, was again the major contributor after a stronger than anticipated recovery in the second half, supported by a steady performance in our Globiva and Turkish operations and from a solid performance in the renewal books in the UK and EU markets.

The pandemic will have far-reaching impacts on the global economy. We will need to monitor this closely, and further work will be done from an organisational perspective to position the business for sustainable and profitable long-term growth, but CPP is a resilient and efficient business capable of delivering against the most difficult of backdrops.

With the hard work that has gone into transforming the business in recent years, signs of recovery from the pandemic across several of our markets, favourable long-term market trends and continued traction across our growth markets, there is a sense of optimism in the business.

Crossing an inflexion point

In last year's results, we reported that adjusted EBITDA from our Ongoing Operations was on a par with EBITDA from our Restricted Operations. The former has now surpassed the latter, marking the moment where the Group has overcome the decline in its UK renewal book and is now on a growth trajectory underpinned by the progress being made in India. Our legacy business remains an important part of the Group, but the key measures of value from a profit and cash perspective now lie within our ongoing business.

Our operating model across the Group is based on strong, self-sustainable and largely independent country businesses with vertical integration of people and systems, overseen by our central team from a governance, assurance and finance perspective.

India

India remains the standout performer. While second quarter sales activity fell to less than 30% of normal levels because of lockdown conditions, we saw a better-than-expected return of partner and consumer confidence in the second half, leading to sales levels through Q4 surpassing the previous year. Alongside the resurgence in demand for protection for mobile phones and household appliances, we also saw encouraging uptake of our products tailored to the largely untapped rural market.

Globiva, the Indian business process management company in which we own a majority stake, saw a similar uptick in the second half as government restrictions eased. The number of billable seats is back up to over 2,000, having fallen to a low of 975 during the local lockdown, from a high of 2,300 in the first quarter pre-pandemic. In August, the founders of Globiva exercised their right to repurchase 10% of the company's share capital, reducing CPP's controlling interest to 51%, demonstrating the confidence they have in the prospects of the business.

The long-term structural drivers around the growth of the Indian middle class and their associated spending patterns remain intact, and these factors alongside the fact that our two main partners in India, Bajaj Finance Limited (Bajaj) and SBI Cards (SBI), have outperformed the rest of the market, will ensure that CPP remains well-placed to benefit from this expanding consumer segment.

Turkey

In Turkey, we benefited from the diversity of our partner base and product range in the period, faring well overall despite the impact of the pandemic. We continued to expand our existing relationships, most notably with Denizbank, and explore new ways to grow our presence in the market through signing new partners and introducing new products and services into the sector.

UK

We continued to make progress in the year in establishing our new business in the UK. The integration of Business & Domestic Insurance Services (B&D) is now complete. We have made encouraging headway in signing new partners in our home market, and the focus for 2021 will be on building those opportunities.

We have increasingly seen the new and legacy businesses in the UK complementing each other and in 2021 we will be delivering greater synergies and efficiencies between them under a single business structure and leadership.

Operational changes

In line with our commitment to drive operational efficiency across the Group and to maximise value from our assets, as previously announced, we closed our small Southeast Asia office in May. This activity has continued in Q1 2021 where we have further restructured our EU Hub to provide operational focus and efficiencies and ceased our new business efforts in Mexico where we will instead focus on running the renewal book efficiently with a smaller team. Having built the parametric platform along with an innovative product set and strong pipeline the Blink founders have decided it is the right time to look to new opportunities away from CPP. We will bring the Blink operations under central management to further leverage our expertise in distribution and drive growth in the parametric product set. In addition, in Q2 2021 we intend to close our Malaysian operation where the customer base has reduced to a level that is economically unviable. We will continue to apply strict resource allocation methodology to our operations, ensuring we focus investment in the areas of the business that have the strongest prospects for delivering strong, sustainable and profitable medium to long-term growth.

Growing and strengthening our partner base

The fact we were not only able to maintain our partner base but grow it demonstrates the value our business partners attach to our services, even as their own priorities shifted and evolved in response to the pandemic.

As the key route to market for our products, our partners are at the heart of everything we do – the success of the business hinges on our ability to understand their customers' needs and provide products and services that meet them. Our strategy is to widen our addressable market by adding new partners while strengthening our relationships with existing ones, and expanding the products we provide to them. The last year has both tested those relationships and strengthened them, as we have been able to respond to the impact of the pandemic on their businesses and customers.

In India, for example, we further strengthened our relationships with Bajaj and SBI, two key regional partners. We have worked closely with Bajaj through the pandemic which helped drive the recovery in the second half, and with SBI we have tweaked our product offering to better suit the needs of their customers during this health crisis. Both Bajaj and SBI are excellent examples of large-scale businesses with which we have established strong partnerships and have incrementally built revenues over time.

We signed partnerships with Vakifbank, the third largest bank in Turkey, Akbank and Türkiye Sigorta, a state-owned insurance company, all of which we expect to develop in 2021. These and other new partners reflect the very healthy levels of interest we are seeing in Turkey from financial services businesses looking to add additional revenue streams and bolster their competitive advantage through complementary products and services.

In the UK, we signed several new partnerships including Gallagher and RAC. Being trusted by organisations of this calibre is a valuable endorsement of the quality of our offering in our home market, and we look forward to continuing to deepen our relationships with them while developing other opportunities elsewhere.

Our culture

Our people are critical to the commercial success of the business and we have worked hard in recent years to bring everyone in the Group closer together and cultivate a supportive and inclusive culture built on trust and clear communication. With the sudden and widespread shift to remote working that took place in the first half, I have no doubt that the investment that has been made in our culture was a key factor in the success of the transition and the high levels of productivity and service levels that were subsequently achieved.

Our focus in 2020 has been on protecting the wellbeing of our colleagues around the world. With most having worked from home for the majority of the year, we have emphasised the importance of connection and collaboration, and measured performance against output and contribution rather than hours at a computer. Our approach is epitomised by our global conversation initiative, in which we spoke to colleagues from around the world to find out what is important to them, what their concerns are and how we can help them cope with change. From there, we were able to formulate new ways of thinking and innovating that will be of benefit to the Group for years to come.

I would like to take this opportunity to thank our colleagues for the way they have responded to the pandemic and for their hard work and dedication in driving the business forward in challenging circumstances.

Financial performance

Group revenue increased by 7%, on a constant currency basis, to £141.1 million (2019: £138.4 million) reflecting the strong performance in our key growth market, India, both in our core business and in Globiva. This was supported by a resilient performance in our Turkish operation and the consistent performance of our renewal portfolios in the UK and EU. This revenue performance was underpinned by continued growth in our customer numbers, which increased 11% to 11.7 million (2019: 10.6 million) and a renewal rate of 68.9% (2019: 68.7%). The growth in our customer base and the renewal rate remaining steady, despite the impact of the pandemic, is an endorsement of the continued customer demand for the products we create and distribute.

Our customer base of 11.7 million comprises cohorts of customers that are different in nature: 3.4 million are via our traditional customer model where the sale is typically made alongside the partner's core product and we retain the right to renew the customer at the end of the policy; 6.5 million are one-time point-of-sale products (for example, sold alongside a loan for a mobile phone or a consumer durable); and 1.8 million are wholesale customers which typically attract a lower premium as they are offered the product by partners as part of a larger package of services.

EBITDA has increased 49%, on a constant currency basis, to £7.2 million (2019: £5.4 million). The improvement reflects growth in India along with a carefully managed and reducing central cost base partially offset by the ongoing decline in our UK and EU renewal books. Adjusted EBITDA, which excludes losses from investments for business growth projects, has increased to £10.3 million (2019: £8.7 million). Operating profit has increased to £3.3 million (2019: £1.6 million).

Profit before tax has increased to £2.0 million (2019: £1.1 million) however, our effective tax rate (ETR) remains high in 2020 at 179% (2019: 183%) which is driving the reported loss for the Group of £1.6 million (2019: loss of £1.0 million). We expect our ETR to reduce to less than 100% in the short to medium-term as our loss-making operations reduce their losses through either business development or restructuring activities, such as those already undertaken in 2021, and volatility from one-off charges is lowered. The ETR will remain higher than the UK statutory rate of tax due to the jurisdictions in which profits are generated.

Our Restricted Operations are in natural decline. As announced in last year’s results, we decided to take more proactive action with certain elements of the historic renewal book in the UK which reduced renewals in 2020. As a result, and as expected, revenue and EBITDA in this segment were 24% and

42% lower than in 2019 respectively. The proactive programme with our customers will continue in 2021 which is expected to further accelerate the decline in our customer base and revenues.

Current trading and outlook

During 2020, the COVID-19 pandemic presented us with unexpected challenges. As a Group, we responded to these quickly and effectively and as a result, we were able to deliver strong growth in customer numbers, revenues and EBITDA, while being mindful at all times of the safety and wellbeing of our colleagues globally.

Although the pandemic persists, the ability to adapt and innovate during 2020 in a variety of ways, as uniquely required by each of the markets we operate in, gives us confidence that we will achieve further solid progress in 2021. This is a view supported by the trends we are seeing in the business in our trading performance year-to-date, notably in our most important market, India.

Our balance sheet is strong and this, combined with our confidence in the outlook, is reflected in our decision to recommence dividend payments for the first time since 2011.

Jason Walsh
Chief Executive Officer
23 March 2021

Financial and Operational Review

Overview

The Group's financial performance in 2020 has shown good progress on the previous year. This performance has been achieved in the face of the pandemic where new sales in all of our markets were curtailed in the early months of the crisis. The subsequent recovery in these markets has been solid and is testament to the value customers and business partners see in our products.

Group revenues increased 7% on a constant currency basis to £141.1 million (2019: £138.4 million), with growth being driven by our Indian market. EBITDA across the Group improved to £7.2 million which is a 49% constant currency increase on the previous year (2019: £5.4 million). The improvement reflects growth in India along with a carefully managed and reducing central cost base. These advances are offset by the ongoing decline in our UK and EU renewal books. The Group's adjusted EBITDA for 2020, which excludes losses associated with business growth projects, is £10.3 million (2019: £8.7 million). This trading progress has led to operating profit more than doubling to £3.3 million (2019: £1.6 million).

As our businesses develop this is driving an improvement in EBITDA margins through a combination of profitable growth, reduced losses and lower central costs. We expect this trend to continue with EBITDA margins improving in the coming years. This will be achieved through our loss-making businesses moving into breakeven or profitable positions in the short to medium-term, and margins being further augmented by increasing our share of the value chain through investments like Globiva.

	2020	2019
Revenue (£ millions)	**141.1**	138.4
Gross profit (£ millions)	**37.0**	40.5
EBITDA (£ millions)[1]	**7.2**	5.4
Operating profit (£ millions)	**3.3**	1.6
Profit before tax (£ millions)	**2.0**	1.1
Taxation (£ millions)	**(3.6)**	(2.1)
Loss for the year (£ millions)	**(1.6)**	(1.0)
Basic loss per share (pence)[2]	**(19.3)**	(11.7)
Cash generated by operations (£ millions)	**6.2**	2.8
Dividends (pence)[3]	**25.0**	—

1. Excluding depreciation, amortisation and exceptional items.
2. 2019 has been restated to reflect the impact of the share consolidation completed on 29 May 2020. Further details are provided in note 2 of the condensed consolidated financial statements.
3. Final dividend proposed

Gross profit has reduced by 9% to £37.0 million (2019: £40.5 million). As a result, our gross profit margin has reduced to 26% (2019: 29%) reflecting the growth in our Indian business which has higher costs of acquisition associated with sales than the UK and EU renewal book businesses it is replacing. We expect our gross profit margins to continue to reduce (albeit at a lower rate) in the medium-term whilst growth is predominantly driven by India and the legacy renewal books diminish.

The cost base continues to be proactively managed with administrative expenses, before depreciation and exceptional items, reducing by 15% in the year. This reduction follows strict controls implemented on discretionary expenditure and the realisation of savings from streamlining the EU Hub operation in 2019. The focus on costs will be maintained in 2021 with further savings expected to be driven by operational changes in our EU Hub and action being taken on under-performing markets that continue to require central support.

As a result, EBITDA has increased to £7.2 million (2019: £5.4 million).

Depreciation charges have increased marginally to £3.5 million (2019: £3.3 million) mainly due to Globiva's larger operational footprint as it continued to grow throughout 2020.

Exceptional items charged to operating profit total £0.4 million (2019: £0.5 million) which include £0.8 million goodwill write-off in Blink following the impact COVID-19 has had on travel insurance which is its primary market and a £0.1 million goodwill impairment of Valeos. In addition, there were £0.2 million of restructuring costs relating to the closure of our Southeast Asia operation. These costs have been partly offset by a £0.7 million credit relating to the reversal of historical customer redress liabilities.

The growth in EBITDA, in conjunction with the exceptional items and depreciation charges, results in operating profit increasing by 151% on a constant currency basis to £3.3 million (2019: £1.6 million).

Net interest and finance charges have decreased to net £nil (2019: £0.5 million) due to foreign exchange movements. Other gains and losses are a charge of £1.3 million (2019: £nil) reflecting the one-time impact of cumulative foreign exchange balances being reclassified from reserves to the income statement following the closure of dormant overseas branches. Due to the one-off nature this charge has been treated as an exceptional item outside of operating profit.

As a result, the Group's profit before tax was £2.0 million (2019: £1.1 million) and our loss after tax was £1.6 million (2019: £1.0 million).

Quarterly performance

REVENUE GROWTH[1]	Q1 2020 £'m	Q2 2020 £'m	Q3 2020 £'m	Q4 2020 £'m	**FY 2020 £'m**
Ongoing Operations					
India	74%	(31)%	8%	22%	**16%**
EU Hub	(20)%	(16)%	(15)%	(15)%	**(16)%**
Turkey	1%	(5)%	15%	21%	**9%**
Rest of World	35%	12%	19%	17%	**20%**
Total Ongoing Operations	53%	(27)%	5%	18%	**11%**
Restricted Operations	(34)%	(25)%	(21)%	(13)%	**(24)%**
Group revenue	41%	(26)%	2%	15%	**7%**

1. Revenue growth is on a constant currency basis compared to the corresponding quarter in 2019.

Tax

In 2020 the tax charge is £3.6 million (2019: £2.1 million) which is an effective tax rate (ETR) of 179% (2019: 183%). The high ETR reflects that losses in our developing markets currently reduce the overall Group profit before tax to a level that is lower than the tax charges recognised in our profitable markets. This is further exacerbated by Group policy that deferred tax assets should only be recognised when profit forecasts indicate tax losses will be utilised in the short-term. By their very nature, our developing markets are investments for growth and profit expectations in the short-term lead us not to recognise deferred tax assets in these markets. Whilst the overarching trend is a reduction in losses and central overheads, the ETR continues to be impacted by the level of losses in markets which remain in development at the end of 2020 for which we are unable to get tax benefits through recognition of deferred tax assets.

The Group's ETR is further impacted by additional factors such as local tax rates applying to our profitable countries which are higher than the UK corporate income tax rate of 19%. As the most profitable of our markets, India is a contributor to the high ETR with a local tax rate of 25.2%. In total, the tax charge includes £1.7 million of Indian tax (2019: £1.2 million). The tax rates in Turkey and the EU Hub are also higher than the UK statutory rate which further adversely impacts our ETR.

As cash is increasingly generated in our overseas markets repatriation planning to the UK is important as we re-establish a dividend policy. In 2020, the tax charge included a provision for withholding taxes arising on dividend repatriations of £0.8 million (2019: £0.3 million). The charge included £0.5 million provided on distributions paid in 2020 and an additional £0.3 million is provided through deferred tax on distributions expected to be paid in 2021. The majority of the withholding taxes arise on distributions made by our Indian operations, however withholding taxes have also been provided on expected Turkish and Italian distributions.

Adjusted ETR

	2020			2019		
	Reported £'m	**Exceptional items[1] £'m**	**Adjusted £'m**	Reported £'m	Exceptional items[1] £'m	Adjusted £'m
Profit before tax	**2.0**	**1.7**	**3.7**	1.1	0.5	1.6
Tax	**3.6**	**—**	**3.6**	2.1	0.1	2.2
ETR	**179%**		**99%**	183%		134%

1. Refer to note 5 of the condensed consolidated financial statements.

The total exceptional charges arising in the year of £1.7 million also had an adverse effect on the ETR as they were not available for tax relief. The effect of these charges has been a reduction in profit without a corresponding tax credit. Without these one-off items in 2020, the Group's ETR would have been 99% (2019: 134%), which demonstrates the reducing nature of the Group's underlying ETR.

The ETR is expected to remain higher than the UK statutory tax rate in future years as we continue to make profits in territories with higher tax rates than the UK, provide for withholding taxes on overseas distributions and continue to generate losses in developing markets against which we are not able to recognise deferred tax assets. However, overall, we expect a progressive reduction in our ETR as our loss-making operations reduce losses through either business development or restructuring activities, such as those already undertaken in 2021, distributions from overseas countries stabilise and volatility arising from one-off charges are reduced.

Dividend

The Group performed resiliently in 2020 and is confident in its ability to grow its revenue and profits going forward. In addition, CPP's restructuring phase is now nearing completion and the level of investment expenditure required to operate the existing business will be on a declining trend from this point.

These factors have led to a review of the Group's capital allocation policy and the Directors have proposed a final dividend of 25 pence per ordinary share. The proposed final dividend is subject to approval by shareholders at the AGM and is expected to be paid on 12 May 2021 to all shareholders on the Register of Members on 9 April 2021 with the ex-dividend date being 8 April 2021.

Cash flow and net funds

	2020 £'m	2019 £'m
EBITDA	**7.2**	5.4
Exceptional items[1]	**(0.3)**	(0.5)
Non-cash items	**1.5**	1.6
Working capital movements	**(2.2)**	(3.7)
Cash generated by operations	**6.2**	2.8
Tax	**(3.0)**	(1.7)
Operating cash flow	**3.2**	1.1
Capital expenditure (including intangibles)	**(1.8)**	(3.7)
Lease repayments	**(1.7)**	(1.6)
Proceeds from Globiva partial disposal	**0.3**	—
Net finance revenues	**0.4**	0.1
Costs of refinancing	**(0.1)**	—
Net movement in cash[2]	**0.3**	(4.1)
Net funds[3]	**15.3**	14.9

1. Exceptional items represent cash costs relating to restructuring; all other exceptional costs in the year were non-cash.
2. Excluding the effect of exchange rates.
3. Net funds comprise cash and cash equivalents of £21.9 million (2019: £22.0 million), a borrowing asset of £0.1 million (2019: £nil) and net investment lease assets of £nil (2019: £0.2 million) less lease liabilities of £6.7 million (2019: £7.3 million).

The net funds position has increased to £15.3 million (2019: £14.9 million), which includes cash of £21.9 million (2019: £22.0 million). The Group has generated additional cash of £0.3 million in the year with increased cash generated by operations and lower capital expenditure being partly offset by increased tax payments.

Cash generated by operations has increased to £6.2 million (2019: £2.8 million) reflecting the growth reported in EBITDA and a reduced working capital outflow following a net benefit in the year from India. Cash generated by operations includes a cash outflow of £3.5 million (2019: £2.3 million) as we continued to build capability in our investment for growth projects.

Tax paid has increased to £3.0 million (2019: £1.7 million) due to profitable growth in India which increases the tax paid and the payment of withholding taxes on overseas dividends to the UK.

Capital expenditure has reduced to £1.8 million (2019: £3.7 million). This reflects a reduction in IT development, the completion of projects in the prior year, and the focus of IT investment being concentrated on the Indian product platform which is largely being developed in-country at a lower cost than in the UK.

The acquisition of Globiva included provision for the founders to repurchase 10% of the share capital at a pre-agreed value on the successful achievement of certain business targets. The targets were met in early 2020 with the founders exercising their right and paying £0.3 million to the Group.

The broadly flat cash profile demonstrates that cash generation in markets like India and Turkey and our Restricted Operations renewal book, together with ongoing cost efficiencies, has now reached the point where it is sufficient to fund the costs associated with our investments for growth operations and our central cost base including Group IT. This improving profile of cash generation will continue as our key markets continue to grow and we reduce losses in our other markets through either successful business development or appropriate management action.

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

During the year the Group renewed its £5.0 million revolving credit facility (RCF) for a further three-year term which in the current economic environment was a strong endorsement of our financial stability. The RCF is not currently drawn.

Events after the balance sheet date

The Group has undertaken a series of restructuring activities in Q1 2021 as it rebalances its resource allocation policy and addresses markets where large-scale operational efficiencies are available or there is no clear indication of medium to long-term profitability. Action has been taken in our Blink, Spain, Mexico and Malaysia businesses and is expected to result in total restructuring costs in the range of £1.1 million to £1.4 million. The restructuring activity is expected to generate annualised cost savings in the range £1.1 million to £1.4 million.

Foreign exchange

Uncertainty in the global economy increased volatility in exchange rate movements in 2020. This has adversely impacted the reported results when comparing to the prior year. The largest impacts have been in our Indian and Turkish businesses where the exchange rate has depreciated by 6% and 29% respectively in 2020.

The reported results compared to 2019 include the following adverse foreign exchange movements: £6.8 million (2019: £0.1 million) within revenue; £0.6 million (2019: £0.1 million) at an EBITDA level; and an exceptional foreign exchange loss of £1.3 million (2019: £nil) recognised through other gains and losses.

Segmental performance

REVENUE	**2020 £'m**	2019 (restated)[1] £'m	Change	Constant currency change
Ongoing Operations				
India	**108.4**	99.6	9%	16%
EU Hub	**14.0**	16.5	(15)%	(16)%
Turkey	**3.8**	4.4	(14)%	9%
Rest of World[2]	**3.9**	3.4	15%	20%
Total Ongoing Operations	**130.1**	123.9	5%	11%
Restricted Operations	**11.0**	14.5	(24)%	(24)%
Group revenue	**141.1**	138.4	2%	7%

EBITDA	2020 £'m	2019 (restated)[1] £'m	Change	Constant currency change
Ongoing Operations				
India	**7.7**	5.5	38%	49%
EU Hub	**3.2**	3.4	(5)%	(6)%
Turkey	**0.9**	0.7	29%	97%
Rest of World[2]	**(3.7)**	(4.1)	8%	8%
Total Ongoing Operations	**8.1**	5.5	44%	62%
Restricted Operations	**3.8**	6.6	(42)%	(42)%
Central Functions	**(4.4)**	(6.4)	31%	31%
Segmental EBITDA	**7.5**	5.7	29%	45%
Share of loss in joint venture	**(0.3)**	(0.3)	18%	18%
Group EBITDA	**7.2**	5.4	32%	49%

1. Restated for the transfer of an Italian renewal book from Restricted Operations to the EU Hub in Ongoing Operations. See note 2 in the condensed consolidated financial statements.
2. Rest of World comprises China, Malaysia, Mexico, UK, Blink, Bangladesh and Southeast Asia.

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

Ongoing Operations (92% of Group revenue):

Revenue increased by 11% to £130.1 million (2019 restated: £123.9 million) and EBITDA increased strongly to £8.1 million (2019 restated: £5.5 million). This segment includes investments in business growth projects, the costs of which have decreased year on year to £2.8 million (2019: £3.0 million) following the decision to close Southeast Asia in the early part of the year.

The continued growth and improvement in EBITDA performance in our Ongoing Operations segment is an important part of the Group's development as we become increasingly less dependent on our naturally declining legacy business.

Our Indian business continues to drive the growth in this segment with revenue increasing by 16% to £108.4 million (2019: £99.6 million). The Indian government lockdown had a material impact on new sales activity in Q2, however the recovery was strong through the second half, with Q4 exceeding prior year sales. The recovery and growth has been fuelled by our relationship with Bajaj, particularly in sales of FoneSafe (mobile phone insurance) and LivPlus (life insurance and wellness product).

Globiva was similarly impacted by the Indian lockdown which checked the rate of growth the business was achieving. However, despite the economic backdrop Globiva has increased both revenue and EBITDA year on year. This performance included successfully winning and onboarding a number of new partners. Globiva is an integral part of the margin enhancement opportunity available to the Group coupled with growing revenue generation.

Our Turkish business performed strongly in the year, growing revenue by 9% and EBITDA by 97%. This has been achieved through expanding distribution with existing partners (including new product variants), and by establishing relationships with new partners that provides our Turkish business with a wider platform for growth. On a reported basis this performance was tempered by the Turkish lira which has devalued by 29% in the year.

Revenue in our EU Hub reduced by 16% as new revenue generation is not yet at a level to offset the reduction in the renewal books. The performance of the renewal books continues to be strong with renewal rates of 83.3% (2019: 82.9%). In Spain we have seen some new sales progress in the year, however, the financial performance of these campaigns has been disappointing. Consequently, the EU Hub profitability in the year has reduced by 6% with the cost efficiencies from previous restructuring being offset by reducing profit from the declining renewal books and cost inefficiencies in new campaigns. The high upfront costs associated with the under-performing telemarketing channel has led to a review of the operating model and in early 2021 we will refocus to alternative sales channels. This will also enable additional cost efficiencies to be generated.

Within Rest of World, the UK has made good progress in the year, successfully embedding its acquisition of B&D and commencing new deals with Gallagher and the RAC both of whom offer further opportunities in 2021. In Mexico we were disappointed to lose the Coppel campaign at the end of the year and following a review of future prospects and the ongoing funding requirement of the business it was decided to reduce new business development activities. From the beginning of 2021 Mexico will be run predominantly as a renewal book operation with a slimmed-down local team managed from the corporate centre. China focused on enhancing its product suite with a new digital travel solution launched in late 2020 and digital solutions for the health sector in development. Blink's progress was heavily impacted by the effect of the pandemic on the travel sector. Bangladesh, which operates from a low cost base, launched a new mobile phone insurance product which is expected to develop in 2021.

Restricted Operations (8% of Group revenue)

Revenue decreased by 24% to £11.0 million (2019 restated: £14.5 million) reflecting the natural decline in the historic renewal books of Card Protection Plan Limited (CPPL) and Homecare Insurance Limited (HIL) along with an increase in revenue deferral following contractual changes to the UK products. EBITDA fell by 42% to £3.8 million (2019 restated: £6.6 million) which reflects the lost profit from the revenue decline together with a cost base that cannot be lowered in line with the reducing customer base as a core level of operational capability is required to service the remaining book.

Renewal rates remained strong at 81.3% (2019: 83.6%) which is key in managing the rate of decline in the book.

The focus in our Restricted Operations is to ensure that the best customer outcomes are delivered in the most cost-effective way. We continue to proactively review the make-up of our UK customer renewal book and have a programme in place to address certain customers to ensure the best outcomes are achieved for them. This programme commenced at the beginning of 2020 and is expected to continue to result in greater non-renewals in years to come which will increase the current rate of revenue decline. In addition, the decision has been taken to close the small renewal book in Malaysia during 2021 where the customer base has reduced to a level that is no longer economically viable to run.

Central Functions:

Our central cost base has reduced by 31% to £4.4 million (2019: £6.4 million) as we continue to benefit from supplier contract reviews, streamlining of our UK-based IT function and cost control measures implemented.

Adjusted EBITDA

	2020 £'m	Investment in business growth projects[2] £'m	**2020 adjusted EBITDA £'m**	**2020 adjusted margin[3] %**	2019 adjusted EBITDA (Restated)[1] £'m	2019 adjusted margin (Restated)[1] %	Change	Constant currency change
Ongoing Operations	8.1	2.8	**10.9**	**8%**	8.5	7%	27%	37%
Restricted Operations	3.8	-	**3.8**	**34%**	6.6	45%	(42)%	(42)%
Central Functions	(4.4)	-	**(4.4)**	**(100)%**	(6.4)	(100)%	31%	31%
Segmental EBITDA	7.5	2.8	**10.3**	**7%**	8.7	6%	17%	26%
Share of loss in joint venture	(0.3)	0.3	**-**	**n/a**	-	n/a	n/a	n/a
Group EBITDA	7.2	3.1	**10.3**	**7%**	8.7	6%	17%	26%

1. Restated for the transfer of an Italian renewal book from Restricted Operations to the EU Hub in Ongoing Operations. See note 2 in the condensed consolidated financial statements.
2. The business growth projects in Ongoing Operations are UK £1.1 million (2019: £1.2 million), Blink £1.3 million (2019: £1.2 million), Bangladesh £0.2 million (2019: £0.2 million) and Southeast Asia £0.2 million (2019: £0.4 million). These projects are disclosed within Rest of World.
3. Adjusted margin is defined as adjusted EBITDA divided by revenue.

Adjusted EBITDA excludes investments in business growth projects. The Group's adjusted EBITDA has increased to £10.3 million (2019: £8.7 million), reflecting the progress made in our key markets within Ongoing Operations, where adjusted EBITDA has increased to £10.9 million (2019 restated: £8.5 million).

Investments in business growth projects represent start-up businesses that the Group has funded to contribute to the future growth and sustainability of the Group. Naturally businesses progress from start-up to developing status with the expectation that the level of funding to that business reduces over time. After an initial cycle of three years it is considered appropriate to transfer the UK, Blink and Bangladesh to developing status in 2021. As a result, this year represents the final year that these businesses will be excluded from the adjusted measure.

Oliver Laird
Chief Financial Officer
23 March 2021

Consolidated income statement

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	4	**141,144**	138,362
Cost of sales		**(104,190)**	(97,874)
Gross profit		**36,954**	40,488
Administrative expenses		**(33,381)**	(38,541)
Share of loss of joint venture		**(264)**	(320)
Operating profit		**3,309**	1,627
Analysed as:			
EBITDA	4	**7,160**	5,442
Depreciation and amortisation		**(3,495)**	(3,305)
Exceptional items	5	**(356)**	(510)
Investment revenues		**412**	508
Finance costs		**(415)**	(1,003)
Other gains and losses	5	**(1,294)**	—
Profit before taxation		**2,012**	1,132
Taxation	6	**(3,609)**	(2,076)
Loss for the year		**(1,597)**	(944)

Attributable to:		
Equity holders of the Company	**(1,680)**	(1,009)
Non-controlling interests	**83**	65
	(1,597)	(944)

Loss per share		**Pence**	Restated* Pence
Basic and diluted	8	**(19.28)**	(11.69)

*Restated for the share consolidation. See note 2 for further detail.

Consolidated statement of comprehensive income

For the year ended 31 December 2020

	2020	2019
	£'000	£'000
Loss for the year	**(1,597)**	(944)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(809)**	(219)
Exchange differences reclassified on disposal of foreign operations	**1,294**	—
Other comprehensive income/(expense) for the year net of taxation	**485**	(219)
Total comprehensive expense for the year	**(1,112)**	(1,163)

Attributable to:		
Equity holders of the Company	**(1,145)**	(1,188)
Non-controlling interests	**33**	25
	(1,112)	(1,163)

Consolidated balance sheet

As at 31 December 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Goodwill	9	**612**	1,492
Other intangible assets	10	**3,741**	3,533
Property, plant and equipment	11	**1,670**	2,362
Right-of-use assets	12	**6,097**	6,496
Investment in joint venture		**450**	714
Deferred tax asset		**858**	1,152
Net investment lease assets		**—**	16
Contract assets		**426**	709
		13,854	16,474
Current assets			
Insurance assets		**46**	42
Inventories		**145**	87
Net investment lease assets		**—**	140
Contract assets		**4,853**	6,108
Trade and other receivables		**16,379**	17,778
Cash and cash equivalents		**21,856**	21,957
		43,279	46,112
Total assets		**57,133**	62,586
Current liabilities			
Insurance liabilities		**(935)**	(756)
Income tax liabilities		**(974)**	(601)
Trade and other payables		**(20,387)**	(23,922)
Lease liabilities	12	**(882)**	(1,371)
Contract liabilities		**(10,889)**	(12,169)
		(34,067)	(38,819)
Net current assets		**9,212**	7,293
Non-current liabilities			
Borrowings		**98**	50
Deferred tax liabilities		**(579)**	(373)
Provisions		**—**	(309)
Lease liabilities	12	**(5,756)**	(5,895)
Contract liabilities		**(1,094)**	(1,248)
		(7,331)	(7,775)
Total liabilities		**(41,398)**	(46,594)
Net assets		**15,735**	15,992
Equity			
Share capital	13	**24,153**	24,056
Share premium account		**45,225**	45,225
Merger reserve		**(100,399)**	(100,399)
Translation reserve		**834**	299
ESOP reserve		**17,490**	16,999
Retained earnings		**27,327**	28,928
Equity attributable to equity holders of the Company		**14,630**	15,108
Non-controlling interests		**1,105**	884
Total equity		**15,735**	15,992

Consolidated statement of changes in equity

For the year ended 31 December 2020

	Note	Share capital £'000	Share premium account £'000	Merger reserve £'000	Translation reserve £'000	ESOP reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 31 December 2018		24,021	45,225	(100,399)	478	15,884	30,323	15,532	734	16,266
Change of accounting policy – IFRS 16		—	—	—	—	—	(203)	(203)	—	(203)
At 1 January 2019		24,021	45,225	(100,399)	478	15,884	30,120	15,329	734	16,063
Loss for the year		—	—	—	—	—	(1,009)	(1,009)	65	(944)
Other comprehensive expense for the year		—	—	—	(179)	—	—	(179)	(40)	(219)
Total comprehensive expense for the year		—	—	—	(179)	—	(1,009)	(1,188)	25	(1,163)
Equity-settled share-based payment charge	14	—	—	—	—	1,115	—	1,115	—	1,115
Deferred tax on intangible asset	6	—	—	—	—	—	(58)	(58)	—	(58)
Exercise of share options		35	—	—	—	—	—	35	—	35
Movement in non-controlling interests		—	—	—	—	—	(125)	(125)	125	—
At 31 December 2019		24,056	45,225	(100,399)	299	16,999	28,928	15,108	884	15,992
Loss for the year		—	—	—	—	—	**(1,680)**	**(1,680)**	**83**	**(1,597)**
Other comprehensive income for the year		—	—	—	**535**	—	—	**535**	**(50)**	**485**
Total comprehensive expense for the year		—	—	—	**535**	—	**(1,680)**	**(1,145)**	**33**	**(1,112)**
Equity-settled share-based payment charge	14	—	—	—	—	**491**	—	**491**	—	**491**
Deferred tax on intangible asset	6	—	—	—	—	—	**58**	**58**	—	**58**
Exercise of share options	13	**97**	—	—	—	—	**(97)**	—	—	—
Movement in non-controlling interests		—	—	—	—	—	**118**	**118**	**188**	**306**
At 31 December 2020		**24,153**	**45,225**	**(100,399)**	**834**	**17,490**	**27,327**	**14,630**	**1,105**	**15,735**

Consolidated cash flow statement

For the year ended 31 December 2020

	Note	**2020 £'000**	2019 £'000
Net cash from operating activities	15	**3,162**	1,138
Investing activities			
Interest received		**410**	499
Purchases of property, plant and equipment	11	**(356)**	(1,477)
Purchases of intangible assets	10	**(1,408)**	(2,184)
Receipts from net investment lease assets		**117**	157
Net cash used in investing activities		**(1,237)**	(3,005)
Financing activities			
Costs of refinancing the bank facility		**(110)**	—
Repayment of the lease liabilities		**(1,783)**	(1,770)
Proceeds on disposal of partial interest in subsidiary		**329**	—
Interest paid		**(60)**	(444)
Issue of ordinary share capital		**—**	35
Net cash used in financing activities		**(1,624)**	(2,179)
Net decrease in cash and cash equivalents		**301**	(4,046)
Effect of foreign exchange rate changes		**(402)**	48
Cash and cash equivalents at 1 January		**21,957**	25,955
Cash and cash equivalents at 31 December		**21,856**	21,957

Notes to condensed financial statements

1. General information

While the financial information included in this annual results announcement has been computed in accordance with the recognition and measurement criteria in conformity with International Financial Reporting Standards (‘IFRS’) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company will publish full financial statements that comply with IFRS in March 2021.

The financial information set out above does not constitute the Company's statutory financial statements for the years ended 31 December 2020 or 31 December 2019, but is derived from the 2020 financial statements. Statutory financial statements for 2019 for the Company prepared under IFRS have been delivered to the Registrar of Companies and those for 2020 for the Company will be delivered following the Company's Annual General Meeting. The Auditor, Deloitte LLP, has reported on these financial statements; their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498 (2) or (3) of the Companies Act 2006. These 2020 financial statements were approved by the Board of Directors on 23 March 2021.

2. Accounting policies

The same accounting policies, presentation and methods of computation are followed in the condensed financial statements as were applied in the Group’s audited financial statements for the year ended 31 December 2019. The IFRS 16 practical expedient is effective for periods beginning on or after 1 June 2020 and has therefore been early adopted by the Group (see note 12). The following Standards and Interpretations have become effective and have been adopted in these condensed financial statements. No other Standards or Interpretations have been adopted early in these condensed financial statements.

Standard/Interpretation	Subject
IFRS 3 (amendments)	Business combinations – definition of a business
IAS 1 (amendments)	Presentation of financial statements – definition of material
IAS 8 (amendments)	Accounting estimates – definition of material
IFRS 16 (practical expedient)	COVID-19 related rent concessions

Restatement of disclosures

In December 2019, the Card Protection policy book in the Italian branch of Card Protection Plan Limited (CPPL) was transferred to CPP Italia Srl, an Italian legal entity in the Ongoing Operations segment. The Italian branch of CPPL has subsequently been closed in 2020. The revenue and EBITDA associated with the policy book is material and in 2020 has been recognised in Ongoing Operations. As a result, in accordance with IFRS 8 *Operating Segments*, the Group has restated the comparative information to transfer the relevant Italian results from Restricted Operations to Ongoing Operations. The transfer recognised between segments in the comparative information for revenue is £2,913,000 and for EBITDA is £1,035,000. See note 4.

On 29 May 2020, a share consolidation was undertaken on the basis of one new ordinary share of £1 issued for every 100 former ordinary shares of 1 penny. Refer to note 13 for further details. In accordance with IAS 33 *Earnings per Share*, the share consolidation and change in nominal value of ordinary shares has resulted in a restatement of the comparative information. See note 8.

Going concern

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

The Group has a formalised process of budgeting, reporting and review along with procedures to forecast its profitability and cash flows. The plans provide information to the Directors which are used to ensure the adequacy of resources available for the Group to meet its business objectives, both in the short-term and in relation to its strategic priorities. The Group’s revenue, profit and cash flow forecasts are subject to robust downside stress testing which involves modelling the impact of a combination of plausible adverse scenarios focused on crystallisation of the Group’s key operational risks. The assessment fully considers the Group’s modelling of the risks associated with COVID-19. This is done to identify risks to liquidity and covenant compliance and enable management to formulate appropriate and timely mitigation strategies.

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

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements

Revenue recognition

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

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

Classification of exceptional items

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

Assumptions and estimation uncertainties

Contractual matters

The Group has made certain commercial and contractual decisions that are not yet agreed with all affected parties. The Group is satisfied with its position from both a legal and regulatory perspective. Appropriate financial provisions are in place in respect of these matters and are included in trade and other payables. The Group has applied the reduced disclosures available within IAS 37 as it does not consider it appropriate to disclose the detail of contractual matters as it may prejudice any future discussions.

The appropriate level of financial provision may vary and impact the consolidated income statement depending on the outcome of any future discussions with those parties affected.

Current tax

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

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

4. Segmental analysis

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

Ongoing Operations: India, China, Turkey, Spain, Germany, Portugal, Italy, Mexico, Malaysia, the UK, Bangladesh, Blink and Southeast Asia. These businesses have no regulatory restrictions on new sales activity. These markets represent a combination of businesses in which we continue to invest and drive new opportunities as well as ones that have been strategically assessed and wound down or exited.

- **Restricted Operations:** historic renewal books of our UK regulated entities; CPPL, including its overseas branch in Malaysia; and HIL. As a result of regulatory restrictions we are not permitted to undertake new sales in these businesses.
- **Central Functions:** central cost base required to provide expertise and operate a listed group. Central Functions is stated after the recharge of certain central costs that are appropriate to transfer to both Ongoing Operations and Restricted Operations for statutory purposes.

In December 2019, the Italian renewal book was transferred from Restricted Operations to the EU Hub in Ongoing Operations. In accordance with IFRS 8 the comparatives have been restated for this segment reallocation**.** See note 2.

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

	Ongoing Operations 2020 £'000	Restricted Operations 2020 £'000	Central Functions 2020 £'000	Total 2020 £'000
Year ended 31 December 2020				
Revenue – external sales	**130,076**	**11,068**	**—**	**141,144**
Cost of sales	**(102,815)**	**(1,375)**	**—**	**(104,190)**
Gross profit	**27,261**	**9,693**	**—**	**36,954**
Administrative expenses excluding depreciation, amortisation and exceptional items	**(19,231)**	**(5,887)**	**(4,412)**	**(29,530)**
Segmental EBITDA	**8,030**	**3,806**	**(4,412)**	**7,424**
Share of loss of joint venture				**(264)**
EBITDA				**7,160**
Depreciation and amortisation				**(3,495)**
Exceptional items (note 5)				**(356)**
Operating profit				**3,309**
Investment revenues				**412**
Finance costs				**(415)**
Other gains or losses				**(1,294)**
Profit before taxation				**2,012**
Taxation				**(3,609)**
Loss for the year				**(1,597)**

	Ongoing Operations (Restated*) 2019 £'000	Restricted Operations (Restated*) 2019 £'000	Central Functions 2019 £'000	Total 2019 £'000
Year ended 31 December 2019				
Revenue – external sales	123,875	14,487	—	138,362
Cost of sales	(97,018)	(856)	—	(97,874)
Gross profit	26,857	13,631	—	40,488
Administrative expenses excluding depreciation, amortisation and exceptional items	(21,282)	(7,023)	(6,421)	(34,726)
Segmental EBITDA	5,575	6,608	(6,421)	5,762
Share of loss of joint venture				(320)
EBITDA				5,442
Depreciation and amortisation				(3,305)
Exceptional items (note 5)				(510)
Operating profit				**1,627**
Investment revenues				508
Finance costs				(1,003)
Profit before taxation				1,132
Taxation				(2,076)
Loss for the year				(944)

* Restated for a change in the composition of operating segments. See note 2.

Segment assets

	2020 £'000	2019 (Restated*) £'000
Ongoing Operations	**42,536**	43,874
Restricted Operations	**7,564**	11,278
Central Functions	**5,113**	4,076
Total segment assets	**55,213**	59,228
Unallocated assets	**1,920**	3,358
Consolidated total assets	**57,133**	62,586

* Restated for a change in the composition of operating segments. See note 2.

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

Capital expenditure

	Intangible assets		Property, plant and equipment		Right-of-use assets	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Ongoing Operations	**1,055**	1,857	**255**	1,069	**1,568**	3,065
Restricted Operations	**352**	32	**18**	145	**—**	—
Central Functions	**1**	295	**83**	263	**523**	—
Total	**1,408**	2,184	**356**	1,477	**2,091**	3,065

Revenues from major products

	2020 £'000	2019 £'000
Retail assistance policies	**131,022**	128,300
Retail insurance policies	**85**	97
Wholesale policies	**2,738**	3,859
Non-policy revenue	**7,299**	6,106
Consolidated total revenue	**141,144**	138,362

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

Timing of revenue recognition

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

	2020 £'000	2019 £'000
At a point in time	**117,903**	115,014
Over time	**23,241**	23,348
Total	**141,144**	138,362

Geographical information

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

	External revenues		Non-current assets	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
India	**108,406**	99,613	**8,071**	7,791
UK	**12,082**	14,176	**2,062**	3,490
Spain	**7,538**	8,608	**256**	481
Other	**13,118**	15,965	**2,157**	2,846
	141,144	138,362	**12,546**	14,608

Information about major customers

Revenue from the customers of one business partner in the Group's Ongoing Operations segment represented approximately £73,739,000 (2019: £69,832,000) of the Group's total revenue.

5. Exceptional items

	Note	**2020 £'000**	2019 £'000
Restructuring costs		**161**	510
Impairment of goodwill		**880**	—
Customer redress and associated costs		**(685)**	—
Exceptional charge included in operating profit		**356**	510
Other gains and losses – foreign exchange reclassification		**1,294**	—
Total exceptional charge included in profit before tax	8	**1,650**	510
Tax on exceptional items		**—**	(125)
Total exceptional charge after tax	8	**1,650**	385

Restructuring costs of £161,000 primarily relate to redundancy costs and onerous contracts associated with the closure of the Southeast Asia operation. The prior year restructuring of £510,000 relates to redundancy programmes in Spain and the UK-based central IT function.

Impairment of goodwill of £880,000 (2019: £nil) comprises the write down of goodwill relating to CPP Innovation Limited (Blink) of £776,000 and Valeos (2013) Limited (Valeos) of £104,000. The Directors decided to write down the goodwill following an assessment of discounted cash flow forecasts of each business. Blink's primary product, Travel, has been severely impacted by COVID-19 with market uncertainty continuing.

Customer redress and associated costs are a credit of £685,000 (2019: £nil) and relate to the reversal of certain redress payments made in prior years. The credit is considered exceptional as it is a reversal of exceptional charges recognised in previous years.

Other gains and losses in the year reflects a reclassification of cumulative translation adjustments of £1,294,000 (2019: £nil) from the translation reserve to the income statement. This related to the closure of overseas branches in Hong Kong and Italy.

6. Taxation

	2020 £'000	2019 £'000
Current tax charge:		
UK corporation tax	**156**	71
Foreign tax	**2,926**	1,836
Adjustments in respect of prior years	**(29)**	(103)
Total current tax	**3,053**	1,804
Deferred tax charge:		
Origination and reversal of timing differences	**546**	254
Impact of change in UK tax rates	**10**	(10)
Adjustments in respect of prior years	**—**	28
Total deferred tax	**556**	272
Total tax charge	**3,609**	2,076

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

	2020 £'000	2019 £'000
Ongoing Operations:		
India	**2,428**	1,438
EU Hub	**584**	431
Turkey	**340**	166
Rest of World	**7**	—
Total Ongoing Operations	**3,359**	2,035
Restricted Operations	**—**	—
Central Functions	**250**	41
Total tax charge	**3,609**	2,076

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

UK corporation tax is calculated at 19% (2019: 19%) of the estimated assessable profit for the year. The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as a result deferred tax balances as at 31 December 2020 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended rate the impact to the closing deferred tax position would be to increase the deferred tax asset by £15,000.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions – India 25.2% inclusive of surcharges (2019: 25.2%); Spain 25% (2019: 25%); Turkey 22% (2019: 22%) which is reducing to 20% in 2021; and Italy 27.5% (2019: 27.5%). Non-UK deferred tax is provided at the local prevailing tax rate.

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

	2020 £'000	2019 £'000
Profit before tax	**2,012**	1,132
Effects of:		
Tax at the UK corporation tax rate of 19% (2019: 19%)	**382**	215
Unprovided deferred tax arising on losses[1]	**699**	440
Other movement in unprovided deferred tax	**185**	141
Recurring expenses not deductible for tax	**304**	339
One-off costs not deductible for tax[2]	**395**	—
Provision for withholding tax on future distributions[3]	**789**	250
Other expense not chargeable for tax purposes	**171**	71
Higher tax rates on overseas earnings[4]	**552**	521
Adjustments in respect of prior years	**(29)**	(75)
Impact of change in future tax rates on deferred tax	**10**	(10)
Surplus of share option charge compared to tax allowable amount	**151**	184
Total tax charged to income statement	**3,609**	2,076

Effective tax charge

The net tax charge of £3,609,000 on a profit before tax of £2,012,000 results in an effective tax rate of 179% (2019: 183%) which is higher than the UK standard rate of 19%. Additional information is provided below:

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

The Group's effective tax rate is expected to be considerably higher than the UK statutory tax rate in future years as profits continue to be generated in territories with higher than UK tax rates, withholdings taxes are provided on overseas distributions and deferred tax credits are not taken on losses arising in developing markets. The Group expects the rate to reduce from the current level.

The Group maintains appropriate provisions in respect of tax uncertainties arising from operating in multiple overseas jurisdictions.

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

	2020 £'000	2019 £'000
Deferred tax (credit)/charge		
Timing differences on business partner intangible	**(58)**	58
Total deferred tax (credit)/charge	**(58)**	58
Total tax (credited)/charged to reserves	**(58)**	58

7. Dividends

After 31 December 2020, the Directors have proposed a final dividend of 25 pence per ordinary share. The proposed final dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these financial statements. The proposed dividend is expected to be paid on 12 May 2021 to all shareholders on the Register of Members on 9 April 2021 with the ex-dividend date being 8 April 2021.

8. Loss per share

Basic and diluted loss per share have been calculated in accordance with IAS 33 *Earnings per Share*. Underlying loss per share have also been presented in order to give a better understanding of the performance of the business. In accordance with IAS 33, potential ordinary shares are only considered dilutive when their conversion would decrease the earnings per share or increase the loss per share attributable to equity holders. The diluted loss per share is therefore equal to the basic loss per share in the current and prior year.

Loss

	2020 **£'000**	2019 £'000
Loss for the purposes of basic and diluted loss per share	**(1,680)**	(1,009)
Exceptional items (net of tax)	**1,650**	385
Loss for the purposes of underlying basic and diluted loss per share	**(30)**	(624)

Number of shares

	2020 **Number** **(thousands)**	2019 (Restated*) Number (thousands)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share and basic and diluted underlying loss per share	**8,713**	8,629

	2020 **Pence**	2019 (Restated*) Pence
Basic and diluted loss per share	**(19.28)**	(11.69)
Basic and diluted underlying loss per share	**(0.34)**	(7.23)

*Restated for the share consolidation completed on 29 May 2020. See note 2.

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

9. Goodwill

	2020 **£'000**	2019 £'000
Cost and carrying value		
At 1 January	**1,492**	1,492
Impairment charge	**(880)**	—
At 31 December	**612**	1,492

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	2020 **£'000**	2019 £'000
Blink	**—**	776
Valeos	**—**	104
Globiva	**612**	612
At 31 December	**612**	1,492

During the financial year ended 31 December 2020 a total impairment charge of £880,000 was recognised against goodwill held (2019: £nil). This was in relation to the acquired goodwill of Blink and Valeos, which have been written down in full, see note 5.

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

10. Other intangible assets

	Business partner relationships £'000	Internally generated software £'000	Externally acquired software £'000	Total £'000
Cost:				
At 1 January 2019	304	1,600	3,345	5,249
Additions	340	1,237	607	2,184
Disposals	—	—	(7)	(7)
Exchange adjustments	—	(76)	(149)	(225)
At 31 December 2019	644	2,761	3,796	7,201
Additions	**—**	**1,267**	**141**	**1,408**
Disposals	**—**	**—**	**(265)**	**(265)**
Exchange adjustments	**—**	**(79)**	**(23)**	**(102)**
At 31 December 2020	**644**	**3,949**	**3,649**	**8,242**
Accumulated amortisation:				
At 1 January 2019	–	505	1,956	2,461
Provided during the year	88	339	564	991
Disposals	—	—	(1)	(1)
Impairment	—	—	322	322
Exchange adjustments	(1)	(7)	(97)	(105)
At 31 December 2019	87	837	2,744	3,668
Provided during the year	**142**	**501**	**428**	**1,071**
Disposals	**—**	**—**	**(211)**	**(211)**
Exchange adjustments	**(6)**	**(4)**	**(17)**	**(27)**
At 31 December 2020	**223**	**1,334**	**2,944**	**4,501**
Carrying amount:				
At 31 December 2019	557	1,924	1,052	3,533
At 31 December 2020	**421**	**2,615**	**705**	**3,741**

Amortisation of intangible assets totalling £1,071,000 (2019: £991,000) is recognised through administrative expenses in the consolidated income statement.

Internally generated software additions of £1,267,000 (2019: £1,237,000) reflect the capitalisation of staff costs in IT development projects.

Internally generated software includes £622,000 (2019: £765,000) relating to assets in development which are not yet operational and are not amortised. The anticipated delivery date of the project in development is 2022.

11. Property, plant and equipment

	Leasehold improvements £'000	Computer systems £'000	Furniture and equipment £'000	Total £'000
Cost:				
At 1 January 2019	919	3,461	938	5,318
Additions	174	1,178	125	1,477
Disposals	(33)	(262)	(309)	(604)
Exchange adjustments	(54)	(193)	(59)	(306)
At 31 December 2019	1,006	4,184	695	5,885
Additions	**103**	**223**	**30**	**356**
Disposals	**(150)**	**(776)**	**(213)**	**(1,139)**
Exchange adjustments	**(27)**	**(44)**	**(33)**	**(104)**
At 31 December 2020	**932**	**3,587**	**479**	**4,998**
Accumulated depreciation:				
At 1 January 2019	385	2,605	611	3,601
Provided during the year	197	409	84	690
Disposals	(33)	(244)	(293)	(570)
Exchange adjustments	(34)	(130)	(34)	(198)
At 31 December 2019	515	2,640	368	3,523
Provided during the year	**222**	**582**	**108**	**912**
Disposals	**(136)**	**(761)**	**(212)**	**(1,109)**
Exchange adjustments	**(19)**	**31**	**(10)**	**2**
At 31 December 2020	**582**	**2,492**	**254**	**3,328**
Carrying amount:				
At 31 December 2019	491	1,544	327	2,362
At 31 December 2020	**350**	**1,095**	**225**	**1,670**

12. Leases

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

	Property £'000	Motor vehicles £'000	Equipment £'000	Total £'000
Cost:				
At 1 January 2019 – on adoption of IFRS 16	4,617	196	310	5,123
Additions	3,024	41	—	3,065
Exchange adjustments	(421)	(19)	—	(440)
At 31 December 2019	7,220	218	310	7,748
Additions	**2,062**	**29**	**—**	**2,091**
Disposals	**(1,344)**	**(29)**	**(20)**	**(1,393)**
Exchange adjustments	**(297)**	**(9)**	**—**	**(306)**
At 31 December 2020	**7,641**	**209**	**290**	**8,140**
Accumulated depreciation:				
At 1 January 2019 – on adoption of IFRS 16	—	—	—	—
Provided during the year	1,137	89	76	1,302
Exchange adjustments	(46)	(4)	—	(50)
At 31 December 2019	1,091	85	76	1,252
Provided during the year	**1,323**	**73**	**75**	**1,471**
Disposals	**(637)**	**(14)**	**(12)**	**(663)**
Impairment	**41**	**—**	**—**	**41**
Exchange adjustments	**(52)**	**(6)**	**—**	**(58)**
At 31 December 2020	**1,766**	**138**	**139**	**2,043**
Carrying amount:				
At 31 December 2019	6,129	133	234	6,496
At 31 December 2020	**5,875**	**71**	**151**	**6,097**

The corresponding lease liabilities in line with IFRS 16 are as follows:

	2020 £'000	2019 £'000
Year 1	**1,396**	1,925
Year 2	**1,317**	1,344
Year 3	**1,250**	1,183
Year 4	**1,139**	1,127
Year 5	**1,132**	1,028
After 5 years	**2,628**	3,137
	8,862	9,744
Less: unearned interest	**(2,224)**	(2,478)
Total lease liabilities	**6,638**	7,266

	2020 £'000	2019 £'000
Non-current lease liabilities	**5,756**	**5,895**
Current lease liabilities	**882**	**1,371**
Total lease liabilities	**6,638**	**7,266**

As a result of the COVID-19 pandemic the Group has benefited from lease payment holidays on certain of its lease agreements and extensions on two leases. The Group has applied the practical expedient to these rent concession agreements. The payment holidays have reduced the payment in the year to 31 December 2020 by £132,000 and the extensions have increased the payments in the year to 31 December 2024 and 31 December 2025 by £21,000 and £26,000 respectively. The Group has re-measured the lease liability using the revised lease payments and the discount rate originally applied to the lease, resulting in a decrease in the lease liability of £86,000 which has been recognised in the income statement as a credit to variable lease expense.

13. Share capital

	Ordinary shares of 1 penny each (thousands)	Ordinary shares of £1 each (thousands)	Deferred shares of 9 pence each (thousands)	Total (thousands)
Called-up and allotted				
At 1 January 2020	864,650	—	171,650	1,036,300
Issue of shares in connection with:				
Exercise of share options (pre-consolidation)	**9,485**	**—**	**—**	**9,485**
Share consolidation	**(874,135)**	**8,741**	**—**	**(865,394)**
Exercise of share options (post-consolidation)	**—**	**2**	**—**	**2**
At 31 December 2020	**—**	**8,743**	**171,650**	**180,393**

	Ordinary shares of 1 penny each £'000	Ordinary shares of £1 each £'000	Deferred shares of 9 pence each £'000	Total £'000
Called-up and allotted				
At 1 January 2020	8,643	—	15,413	24,056
Issue of shares in connection with:				
Exercise of share options (pre-consolidation)	**95**	**—**	**—**	**95**
Share consolidation	**(8,738)**	**8,738**	**—**	**—**
Exercise of share options (post-consolidation)	**—**	**2**	**—**	**2**
At 31 December 2020	**—**	**8,740**	15,413	24,153

On 29 May 2020, a share consolidation was undertaken on the basis of one new ordinary share of £1 issued for every 100 former ordinary shares of 1 penny. The share consolidation exercise has reduced the total number of ordinary shares in issue by 865,394,000 whilst the equity value has remained unchanged. The new ordinary shares carry the same rights as the former ordinary shares. The deferred shares were not subject to the share consolidation.

14. Share-based payment

Equity-settled share-based payments

Share-based payment charges comprise 2016 LTIP charges of £491,000 (2019: £1,115,000) which are disclosed within administrative expenses. No options have been granted in the current year as part of the 2016 LTIP (2019: 18,092,000 options granted).

The share consolidation which completed on 29 May 2020 led to outstanding share options being reduced in the ratio of one option over a £1 ordinary share for 100 options over a 1 penny ordinary share. As a result, the number of outstanding 2016 LTIP share options has reduced by 32,769,000.

	2020		2019	
	Number of share options (thousands)	Weighted average exercise price (£)	Number of share options (thousands)	Weighted average exercise price (£)
2016 LTIP				
Outstanding at 1 January	**44,187**	**—**	37,981	—
Granted during the year	**—**	**—**	18,092	—
Share consolidation in the year	**(32,769)**	**—**	—	—
Exercised during the year	**(9,487)**	**—**	—	—
Lapsed during the year	**(1,602)**	**—**	(7,417)	—
Forfeited during the year	**—**	**—**	(4,469)	—
Outstanding at 31 December	**329**	**—**	44,187	—
Exercisable at 31 December	**14**	**—**	—	—

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

The options outstanding at 31 December 2020 had a weighted average remaining contractual life of one year (2019: one year) in the 2016 LTIP.

Realisation proceeds plan (RPP)

The RPP is a new share-based payment award scheme implemented during the current year. This scheme can be treated as cash- or equity-settled dependent upon the distributable proceeds arising from a realisation event. The RPP scheme has been issued to certain employees and vests once a realisation event occurs. At 31 December 2020, there has been no realisation event and the expectation of one occurring is uncertain, accordingly no fair value has been attributed to the awards at the balance sheet date and there are no charges recognised in relation to this scheme in the consolidated income statement.

Cash-settled share-based payments

In 2019, the Group granted certain employees with notional share options that require the Group to pay the intrinsic value of the notional share to the employee at the date of exercise. The notional share options have the same requirements and conditions as the 2016 LTIP. There have been no similar awards in 2020. The Group has recorded a total expense in relation to cash-settled awards in 2020 of £8,000 (2019: £105,000) which are disclosed within administrative expenses. The Group has recorded liabilities for its cash-settled awards of £129,000 (2019: £121,000) which are included in trade creditors and accruals.

15. Reconciliation of operating cash flows

	2020 £'000	2019 £'000
Loss for the year	**(1,597)**	(944)
Adjustments for:		
Depreciation and amortisation	**3,454**	2,983
Share-based payment expense	**499**	1,220
Impairment loss on goodwill	**880**	—
Impairment loss on intangible assets	**—**	322
Impairment loss on right-of-use assets	**41**	—
Loss on disposal of intangible assets	**54**	6
Loss on disposal of property, plant and equipment	**30**	34
Share of loss in joint venture	**264**	320
Lease concessions	**(86)**	—
Investment revenues	**(412)**	(508)
Finance costs	**415**	1,003
Other gains and losses	**1,294**	—
Income tax charge	**3,609**	2,076
Operating cash flows before movements in working capital	**8,445**	6,512
(Increase)/decrease in inventories	**(58)**	72
Decrease/(increase) in contract assets	**1,272**	(2,133)
Decrease/(increase) in receivables	**663**	(4,970)
Increase in insurance assets	**(4)**	(18)
(Decrease)/increase in payables	**(3,049)**	1,556
(Decrease)/increase in contract liabilities	**(953)**	2,245
Increase in insurance liabilities	**179**	139
Decrease in provisions	**(309)**	(553)
Cash from operations	**6,186**	2,850
Income taxes paid	**(3,024)**	(1,712)
Net cash from operating activities	**3,162**	1,138

Reconciliation of net funds

	At 1 January 2020 £'000	Cash flow £'000	Foreign exchange and other non-cash movements £'000	At 31 December 2020 £'000
Net cash per cash flow statement	21,957	**301**	**(402)**	**21,856**
Investing activities:				
Net investment lease assets	156	**(117)**	**(39)**	**—**
Total movement from investing activities	156	**(117)**	**(39)**	**—**
Financing activities:				
Lease liabilities	(7,266)	**1,783**	**(1,155)**	**(6,638)**
Borrowings due outside of one year				
- Unamortised issue costs	50	**110**	**(62)**	**98**
Total movement from financing activities	(7,216)	**1,893**	**(1,217)**	**(6,540)**
Total net funds	14,897	**2,077**	**(1,658)**	**15,316**

16. Related party transactions

Transactions with associated parties

The Group has a balance receivable from its joint venture, KYND, in the amount of £150,000 (2019: £nil). The loan by the Group to KYND forms part of KYND's participation in the UK Government's 'Future Fund Scheme' and falls due for repayment on 26 June 2023.

Transactions with related parties

ORConsulting Limited (ORCL) is an organisation used by the Group for consulting services in relation to leadership coaching. Organisation Resource Limited (ORL), a company owned by Mark Hamlin, who is the Senior Independent Director in the Group, retains intellectual property in ORCL for which it is paid a licence fee. The fee paid to ORCL by the Group in 2020 was £63,000 plus VAT (2019: £100,000) and was payable under 30-day credit terms.

Mark Hamlin is the Chairman of Globiva. The fees for this role are paid to his consultancy company, ORL. The fee paid to ORL by the Group in 2020 was £73,000 (2019: £75,000) and was payable under 25-day credit terms.

Certain bank loans taken out by Group entities are secured against the assets of the Company. There were no amounts outstanding on these loans at 31 December in either the current or prior year. The £5,000,000 facility commitment remains available.

Remuneration of key management personnel

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

	2020 **£'000**	2019 £'000
Short-term employee benefits	**2,442**	2,412
Post-employment benefits	**89**	87
Share-based payments	**423**	893
	2,954	3,392

17. Events after the balance sheet date

In the first quarter of 2021 the Group has undertaken a review of the operational effectiveness of its business units. The Group has supported a number of its operations in recent years as part of its plan to develop and organically grow the business. As the Group re-balances its resource allocation policy these operations have been assessed and restructuring activities initiated where it is considered large-scale operational efficiencies are available or there is not a clear pathway to profitable performance in the medium to long-term.

As a result, the Group has restructured its Blink, Spanish, Mexican and Malaysian businesses. This activity has resulted in costs associated with colleagues leaving the business, professional costs to support the activity and office closure costs. The total costs associated with the restructuring is expected to be in the range of £1.1 million to £1.4 million.

Cautionary statement

This announcement has been prepared solely to provide additional information to shareholders as a body to meet the relevant requirements of the UK Listing Authority. The announcement should not be relied on by any other party or for any other purpose.

The announcement contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of approval of the announcement but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information. Subject to the requirements of the UK Listing Authority, CPP undertakes no obligation to update these forward-looking statements and it will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this announcement.