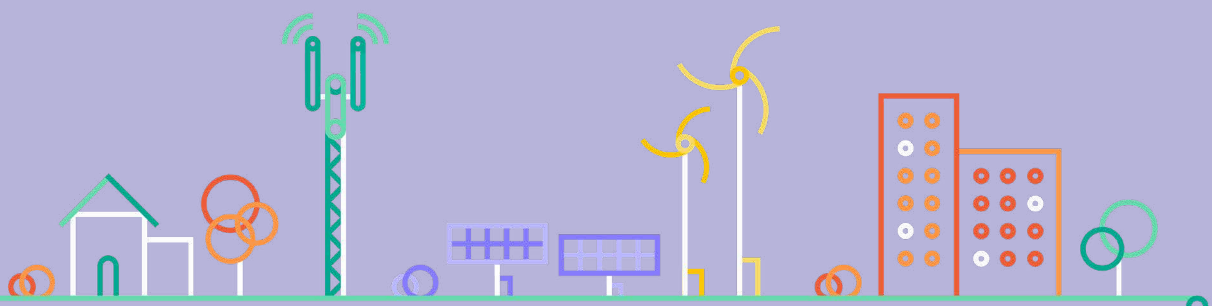
Ombudsman Services

Annual Report 2021

January to December



Company Registration No. 04351294 (England and Wales)

THE OMBUDSMAN SERVICE LIMITED

COMPANY LIMITED BY GUARANTEE
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY INFORMATION

Directors	Dr M M Amos	
	Lord T F Clement Jones CBE	
	Mrs M L Ibbs	
	Mr B J Landers	
	Sir L W Lewis KCB	
	Miss L Tennant	
	Mr M J Vickers	
	Mr S A Palmer	
	Mrs O Sodeinde	(Appointed 1 September 2021)
	Mr P W Hewitt	(Appointed 1 September 2021)
Company number	04351294	
Registered office	3300 Daresbury Park Daresbury Warrington WA4 4HS	
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP	

THE OMBUDSMAN SERVICE LIMITED

CONTENTS

The directors present the strategic report and financial statements for the year ended 31 December 2021.

Review of the Business

The Ombudsman Service Limited is a not-for-distributable-profit company which provides independent dispute resolution nationally for the energy and communications sectors. The business also administers the Parking on Private Land Appeals (POPLA) service on behalf of the British Parking Association.

Between January and December 2021, we handled just over 158,000 initial queries from consumers enquiring about our service. Of those cases which came within our terms of reference, we investigated and resolved 85,339 cases. The number of energy cases we received increased by 28% in 2021, while communications cases decreased by 24% from the previous year, largely due to the impact of the pandemic.

In summary, the first half of the year was focused on clearing increased volumes that were a result of some suppliers struggling. We recognised the need for extra support and therefore recruited more colleagues into our Operational Support Unit (OSU) and productivity soon recovered, with an average of 87% of cases being resolved in eight weeks or less.

With all the measures implemented, the situation was under control by the Summer and we had a strong H2 performance. The business has therefore entered 2022 with a strong performance output. Ensuring that the group can react to the challenges presented by all sectors quickly and efficiently is part of our ongoing commitment to building trust for the future.

Lumin Tech Limited, a wholly owned subsidiary of The Ombudsman Service Limited launched in 2020 as a commercial technology venture to support and develop our IT platforms. It has reduced operating costs for the Ombudsman and is developing commercial options for the future as we continue to look at initiatives to drive quality, efficiencies, and trust.

Recognising the significant challenges faced by suppliers, we have liaised closely with Ofgem and Ofcom to adopt new ways of working to help suppliers bolster their own front-line operations and focus their resources on helping their consumers. We support both Ofgem's and Ofcom's continued work within its core regulatory functions and building on this to make the retail markets fit for the future and the aims for these strategic change programmes.

Within the energy market we had to consider the key impacts in the market, including supplier failure and preparing for the issues around affordability and potentially supporting energy networks and brokers following the successful trial. It's key that we keep our remit up to date as the market evolves to best deliver net zero; protect consumers, particularly those in vulnerable situations; and providing them with a safe, reliable source of energy. We are also supporting Ofgem's work with BEIS looking at EV energy flexibility and setting out a vision for EV smart charging. In order to build consumer trust and confidence to adopt new technologies, engage and adjust to the future energy changes, we think it is important to get things right now.

Within the communications market we worked with Ofcom on online safety and we were pleased to agree a longer working relationship with BT Group and with Three. Within the Parking market, we worked on a new and improved case management system through our Lumin business in order to prepare for a single appeals scheme.

The pandemic has also been a testing time for our colleagues, and we worked hard to support our people throughout 2021, implementing several colleague engagement and wellbeing initiatives. The Board is pleased to report that The Ombudsman Service Limited has now received formal accreditation as a 'Great Place to Work' based on its 2021 employee survey and has been included in the Top 50 of the UK's Best Workplaces for large companies for 2 years in a row.

Work on our new operating model continued during 2021 to ensure a better end to end consumer journey and a new operational leadership team was appointed to focus on the transition to the operating model and implement the further structural and cultural changes planned for 2022. The Board is pleased that leaders have been appointed across the business who share our values of being balanced, open, courageous, and empathetic.

Principal activities and business review (Continued)

Throughout 2021, we continued to develop our strategic options for the future. The Board have now approved three areas of strategic focus around Alternative Dispute Resolution (ADR) consolidation, diversification and broadening the energy remit. As the market moves from being commodity to service based, and with developments such as electric vehicles, we believe that there is more need than ever for consumer protection to keep pace with these advances.

Despite the challenges of Covid 19, we have maintained momentum in our strategic planning as well as focussing on our people and supporting our customers throughout 2021.

Results

The Ombudsman Service Limited recorded a surplus, after taxation, of £526,704 for the year. This is in line with the Board's intention of achieving a result that is between break-even and a surplus of up to 10% each year to ensure the Group remains sustainable.

The failure of energy suppliers continues to impact the Group's finances, with £704,000 of bad debt incurred in 2021. £429,000 (61%) of this related to Symbio Energy Ltd and Avro Energy Ltd, which both into administration in 2021. The Group was able to absorb this bad debt as volumes increased in 2021 due to the work undertaken to maximise efficiency and work through a backlog of stock caused by Covid 19 impacts to suppliers. As a result, the business had no need to mutualise these across the energy sector. The Directors continue to focus on cash collection and reducing aged debt to minimise this risk. The Ombudsman Service Limited has absorbed the impacts of supplier failure for the past 2 years totalling over £1m of written off debt as we continue to support the energy sector through these difficult periods.

The Group has been able to maintain a level of reserves in line with the reserves policy set by the Board. The policy aims to cover a range of three to six months total costs to give the Group the ability to deal with sudden increases or decreases in case volumes, and to invest to sustain a quality service to all sectors.

Customer satisfaction

The Board recognises the importance of delivering a positive customer experience for all parties that interact with The Ombudsman Service Limited and its complaint handling processes. We receive regular reports on satisfaction levels from both consumers and participating companies. We also receive feedback from the Independent Assessor and information on the deeper trends emanating from service complaints.

To ensure that we are capturing the voice of our consumers in the best way, the business maintains a customer experience platform which provides insight from consumers at each stage of the customer journey. The plan is to expand this tool to incorporate further channels in 2022 as we continue to embed our customer experience strategy and framework within the business.

Risk

Risk Management forms part of the Board's system of governance contributing to and protecting the performance of the business. The Ombudsman Service Limited recognises that risk management is an important tool and therefore has a robust framework in place to facilitate controlled risk taking. This includes regular risk reviews by senior management, with the most significant corporate risks considered by the Audit and Risk Committee and Board as appropriate.

A key risk to the business is the variability in case volumes driven by factors which are outside its control, for example the uncertainty in the volume in the energy market caused by pricing issues. This risk is mitigated by on-going forecasting and planning to ensure the Group remains financially sound and can provide an effective service to all its stakeholders. An Operational Support Unit has been put in place to manage increased volumes and assist with maintaining key performance indicators.

The operational change risks will also be a continued focus for the Committee in the coming year, given the significant business transformation planned.

Internal audit

The Board recognises the need for independent assurance as part of the third line of defence, ensuring that first line management controls and the second line Risk and Compliance functions are operating effectively.

To ensure a continued robust system of internal audit, an in-house internal auditor continues to provide independent assurance to the Audit and Risk Committee. Reports provided to the Board include risk management, governance, and internal control processes across the Group are operating effectively.

The Board, through the Audit and Risk Committee, have agreed a risk-based audit program for 2022 and will continue to monitor assurance needs and identify areas for focused review during the year.

Our people

With Covid still having an impact early in the year, we continued with the wellbeing initiatives that had been introduced in 2020. Resources such as Unum (the employee assistance programme) and Unmind continued to support the more confidential helpline provided by Next Steps.

Activities and events to inspire and motivate colleagues continued throughout the year and included a variety of virtual and in-person activities. The programme of Townhall sessions was also continued to ensure that colleagues received regular updates on key projects and changes within the business.

Work commenced on refurbishing the building with the aim of providing colleagues with a state-of-the-art environment to support hybrid working. The space was planned carefully to allow for the new operating model communities and provided more space for colleague collaboration and engagement. We welcomed colleagues back into the building in late September with a full week of introductory days where colleagues were treated to a guided tour and a chance to experience the new spaces. The building has also been designed with commercial opportunities in mind to further support our operational running costs.

In recognition of what had been a tough year for a number of colleagues, we introduced some end of year thank you awards in the form of a discretionary bonus. It was clear that this had a very positive impact with all colleagues. However, based on a number of informal colleague discussions, it was clear that we had a few colleagues who were struggling, for a number of reasons. As a result, work was commenced on a new colleague welfare package, which was launched just before Christmas – there has already been take-up from several colleagues.

Our people (Continued)

Finally, after a very disrupted year, we were pleased to report for the second year running that our trust index had increased by a further 9% during the year to 81%. We were also pleased to hear that we are once again being included in the Top 50 of the UK's Best Workplaces list for large companies and, for the first time we have been placed in the top 30 out of the 63 companies recognised as one of the best workplaces for Wellbeing.

As we start the new financial year, we are taking all the lessons learned during 2021 to ensure that our people remain engaged and motivated during 2022.

Inclusion and Additional Support

We are committed to Equality, Diversity & Inclusion and the provision of Additional Support for colleagues and consumers. In 2021, driven by our Mission and Purpose, we updated our commitments to both areas.

We know that being good at Inclusion and Additional Support will enable us to be a legitimate organisation that best represents all our colleagues, stakeholder groups and the communities we work in. In March 2021, we appointed a Head of Legitimacy to lead these changes across our business.

In 2021 we focused on delivering foundation level developments from which we can continue to build in future. In both areas we have created a clear policy framework linked to our Mission, Purpose and Values setting out:

- Our obligations and how we'll work with different groups,
- The principles which we work to,
- Updated definitions,
- Roles and responsibilities across the organisation

To start to bring this work to life we have set about establishing the profiles of the consumers we reach and our colleagues. We now have a solid understanding of the diversity and additional support requirements of our recent consumers, collected throughout 2021 which we will use for comparison with census in 2022 to identify target areas. In October, we had an 80% response rate to a colleague survey conducted using our HR system, allowing us to effectively cut and report on this and again identify focus areas for the future.

As part of the all-colleague training package for our Mindset and Operating Model changes, we have created separate foundation training packages for Inclusion and Additional Support. Each package will educate colleagues on key definitions, the importance to our business, relevance to their role and scenarios to put colleague learning to the test for their return to their new roles. On conclusion of the education, we will create a curriculum of further education relevant to colleague roles to increase confidence and to ensure continuous development of these areas of work.

We have created an inclusion calendar of events with a purpose of celebration and education. In 2021, we marked International Women's Day, Pride, Black History Month and International Men's Day with colleague participation, speaker sessions, colleague content and education opportunities.

To form insight and deliver the changes required in Additional Support, we have established a working group with representatives from across the organisation. The group meets monthly and has been influential in developing:

- Additional Support policy framework
- Additional Support guidance and tools
- Establishing data requirements
- Creating proposal for a dedicated Additional Support Unit
- Replacing the term 'Vulnerability' with 'Additional Support'

The Board takes a close interest in ensuring that the Group has the right talent in the right roles, regardless of background and The Ombudsman Service Limited continues to meet gender pay reporting requirements.

Environmental responsibility

The Board takes its environmental responsibilities seriously and is committed to reducing the impact the Group has on the environment.

We continue to work with a waste service company to enable us to ensure that none of our physical waste goes to landfill. 45% is recycled, 20% goes to be anaerobically digested to create energy (food waste) and 35% is processed at a waste to energy facility. We use compostable and reusable tableware in our onsite canteen.

Through our ongoing relationship with energy and carbon consultants, Envantage, we've lowered our electricity consumption through installing more energy efficient lighting and air conditioning. We've reduced the impact of travel on our carbon footprint by encouraging video conference meetings and facilitating a hybrid working approach. We are pleased to report that we continue to be powered by 100% renewable energy.
The Group continues to look at ways we can improve our environmental impact. Moving forwards, we will explore:

- Installing water saving devices in bathrooms and kitchens
- Improving communication on energy and resource efficiency
- Installing Electric Vehicle (EV) charging points at our office

Health and safety

The Board recognises its obligation to safeguard health and safety, and this has been a priority while have started to return to the office and utilise hybrid working. Legal obligations are met through the strict adherence to our health and safety policy, setting safety objectives and suitable safeguards.

Ensuring that staff have all the equipment that they need to work from home has been a focus and DSE assessments have been conducted with appropriate equipment provided to staff on an ongoing basis.

A Covid-19 risk assessment covering all aspects of Covid-19 safety within the building has been undertaken by an external risk consultant and we have taken all steps to ensure that the building is as Covid-19 secure as possible.

The Group has an external health and safety partner to provide specialist advice and support, along with accredited contractors to ensure compliance.

Corporate social responsibility

The Board supports the community work that the organisation undertakes. We continued to work with Warrington Foodbank with regular colleague food donation opportunities. The donations contributed to the foodbank provide important interventions to over 500 households each month as the pandemic and cost of living crisis continue to affect our way of life.

In addition to our work with the Foodbank, during October half term we worked alongside Halton Borough Council and Widnes Vikings to provide 500 packed lunches to local school children in receipt of free-school meals.

In December we welcomed over 120 Reception and Year 1 children from four Halton primary schools for a Christmas experience. These schools were selected due to being in deprived areas. The children met Santa Claus, received a present and enjoyed other activities. A strong show of support from OS colleagues in fancy dress made a memorable experience for the children. We received some fantastic feedback from the schools which included comments from children stating it was "the best day of their life". We intend to repeat these activities in December 2022.

We have been updating our CSR approach to support more local organisations through funding and colleague volunteering. We intend to focus on inclusion, reducing hardship, the environment and making a positive impact for local school kids. In 2022 we will be bringing these plans to fruition and look forward to updating on our increased impact with new and existing community organisations.

Other information and explanations

Future developments

In the longer-term the Group's strategic planning process has identified some new possibilities and strategic options for the future. Central to these will be the core values of the Group and the role the Ombudsman plays in society - and ensuring this remains relevant in an ever-changing world.

On behalf of the board

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Lord T F Clement Jones CBE
Director

....26/09/2022..................

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 group and company, and of the surplus or deficit of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities
The principal activity of the company and group continued to be that of independent dispute resolution.

Results and dividends
The results for the year are set out on page 13.

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

Dr M M Amos	
Lord T F Clement Jones CBE	
Mrs M L Ibbs	
Mr B J Landers	
Sir L W Lewis KCB	
Miss L Tennant	
Mr M J Vickers	
Mr S A Palmer	
Mrs O Sodeinde	(Appointed 1 September 2021)
Mr P W Hewitt	(Appointed 1 September 2021)

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The Group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Auditor
The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

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Lord T F Clement Jones CBE
Director

....26/09/2022...............

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE OMBUDSMAN SERVICE LIMITED

Opinion

We have audited the financial statements of The Ombudsman Service Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 group's and the parent company's affairs as at 31 December 2021 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 group's and parent 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;

- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to provisions and future performance in light of the impact of Covid 19;

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness; and

- Reviewing board minutes and resolutions

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law, compliance with regulator KPI's and compliance with the UK Companies Act.

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.

Nicola Mason

Nicola Mason (Senior Statutory Auditor)
For and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

...27/09/2022................

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	32,255,408	27,046,871
Administrative expenses		(31,900,048)	(26,079,908)
Operating surplus	5	355,360	966,963
Interest receivable and similar income	8	-	8,319
Change in value of investments	9	252,145	192,249
Surplus before taxation		607,505	1,167,531
Tax on surplus	10	(80,801)	(39,798)
Surplus for the financial year		526,704	1,127,733

Surplus for the financial year is all attributable to the parent company.

Total comprehensive income for the year is all attributable to the parent company.

GROUP AND COMPANY BALANCE SHEETS

AS AT 31 DECEMBER 2021

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Fixed assets					
Intangible assets	11	1,331,204	358,277	1,331,204	358,277
Tangible assets	12	2,509,352	1,238,125	2,443,800	1,196,702
Investments	13	3,795,915	3,576,983	3,796,015	3,577,083
		7,636,471	5,173,385	7,571,019	5,132,062
Current assets					
Debtors	15	4,707,306	4,892,596	4,994,546	4,981,929
Cash at bank and in hand		5,888,927	7,839,163	5,698,690	7,836,384
		10,596,233	12,731,759	10,693,236	12,818,313
Creditors: amounts falling due within one year	16	(3,887,160)	(4,309,699)	(4,069,931)	(4,389,430)
Net current assets		6,709,073	8,422,060	6,623,305	8,428,883
Total assets less current liabilities		14,345,544	13,595,445	14,194,324	13,560,945
Creditors: amounts falling due after more than one year	17	(1,323,652)	(1,232,595)	(1,323,652)	(1,232,595)
Provisions for liabilities					
Provisions	19	(892,883)	(841,879)	(892,883)	(841,879)
Deferred tax liability	20	(129,183)	(47,849)	(111,946)	(47,849)
		(1,022,066)	(889,728)	(1,004,829)	(889,728)
Net assets		11,999,826	11,473,122	11,865,843	11,438,622
Capital and reserves					
Income and Expenditure account		11,999,826	11,473,122	11,865,843	11,438,622

As permitted by s408 Companies Act 2006, the company has not presented its own income and expenditure account and related notes. The company's surplus for the year was £427,221 (2020 - £1,093,234 surplus).

The financial statements were approved by the board of directors and authorised for issue on ..26/09/2022............. and are signed on its behalf by:
The notes on pages 18 to 35 are an integral part of these financial statements.

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Lord T F Clement Jones CBE
Director

Company Registration No. 04351294

THE OMBUDSMAN SERVICE LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Income and Expenditure £
Balance at 1 January 2020	10,345,389
Year ended 31 December 2020:	
Surplus and total comprehensive income for the year	1,127,733
Balance at 31 December 2020	11,473,122
Year ended 31 December 2021:	
Surplus and total comprehensive income for the year	526,704
Balance at 31 December 2021	11,999,826

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Income and Expenditure £
Balance at 1 January 2020	10,345,389
Year ended 31 December 2020:	
Surplus and total comprehensive income for the year	1,093,233
Balance at 31 December 2020	11,438,622
Year ended 31 December 2021:	
Surplus and total comprehensive income for the year	427,221
Balance at 31 December 2021	11,865,843

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from operations	25		479,325		4,467,614
Income taxes paid			(5,627)		(29,798)
Net cash inflow from operating activities			473,698		4,437,816
Investing activities					
Purchase of intangible assets		(1,229,262)		(228,410)	
Purchase of tangible fixed assets		(1,736,602)		(481,310)	
Valuation changes in investments		(218,932)		(167,636)	
Receipts arising from loans made		252,145		192,249	
Interest received		-		8,319	
Net cash used in investing activities			(2,932,651)		(676,788)
Financing activities					
Proceeds of a new finance lease		508,717		-	
Net cash generated from/(used in) financing activities			508,717		-
Net (decrease)/increase in cash and cash equivalents			(1,950,236)		3,761,028
Cash and cash equivalents at beginning of year			7,839,163		4,078,135
Cash and cash equivalents at end of year			5,888,927		7,839,163

1 Accounting policies

Company information

The Ombudsman Service Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 3300 Daresbury Park, Daresbury, Warrington, WA4 4HS.

The group consists of The Ombudsman Service Limited and all of its subsidiaries.

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.

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 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company The Ombudsman Service Limited together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1 Accounting policies (Continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

The financial statements have been prepared on the going concern basis of accounting.

The Directors continue to assess the impact of supplier failures on all aspects of the business and measures have been taken to ensure the Group remains financially sound, whilst also providing the most appropriate service to consumers and participating companies in the current circumstances.

Specifically, the Group has been able to support hybrid working and focus on the wellbeing of colleagues, together with ensuring the continued availability of the Group's services to all stakeholders, with a particular focus on the more vulnerable consumers.

The Directors have reasonable expectation that the Group has adequate resources to continue to operational existence for the foreseeable future. This, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

Turnover represents subscription and case fee income of the service and any costs recovered in setting up new ombudsman services.

Case fee income is recognised dependent on the progress of the case and the stage of completion at the period end.

Subscriptions are included in the financial statements as they become receivable or due.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

1 Accounting policies (Continued)

Amortisation 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:

Software	33% - 50% straight line
Assets under construction	Enter amortisation rate via StatDB - cd999270

1.7 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:

Leasehold improvements	Over the period of the lease
Fixtures and fittings	20% - 50% straight line
Computers	33% straight line or over life of lease

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 recognised in the income and expenditure account.

1.8 Fixed asset investments

Equity investments are measured at fair value through surplus or deficit.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent it reverses a previous upwards revaluation.

1 Accounting policies (Continued)

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 surplus or deficit, 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.

1.10 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.

1.11 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in surplus or deficit, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through surplus and deficit, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in surplus or deficit.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in surplus or deficit.

1 Accounting policies (Continued)

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 group after deducting all of its liabilities.

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.

Other financial liabilities
There are no other financial liabilities held by the Group.

Derecognition of financial liabilities
Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments
Equity instruments issued by the group 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 group.

1.13 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 group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
The Ombudsman Service Limited is only liable to taxation on its investment activities. Deferred tax is porvided for on unrealised gains on the valuation of investments.

1 Accounting policies (Continued)

1.14 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in surplus or deficit in the period in which it arises.

1.15 Employee benefits

The costs of 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.

1.16 Retirement benefits

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

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to surplus or deficit 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 leased asset are consumed.

1.18 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.

THE OMBUDSMAN SERVICE LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from operations	**27**		239,932		4,420,115
Income taxes paid			(5,627)		(29,798)
Net cash inflow from operating activities			234,305		4,390,317
Investing activities					
Purchase of intangible assets		(1,229,262)		(228,410)	
Purchase of tangible fixed assets		(1,684,667)		(436,490)	
Purchase of subsidiaries		-		(100)	
Valuation changes in investments		(218,932)		(167,636)	
Receipts arising from loans made		252,145		192,249	
Interest received		-		8,319	
Net cash used in investing activities			(2,880,716)		(632,068)
Financing activities					
Proceeds of a new finance lease		508,717		-	
Net cash generated from/(used in) financing activities			508,717		-
Net (decrease)/increase in cash and cash equivalents			(2,137,694)		3,758,249
Cash and cash equivalents at beginning of year			7,836,384		4,078,135
Cash and cash equivalents at end of year			5,698,690		7,836,384

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Fixed asset valuation

Fixed assets are initially recorded at cost and depreciated over their useful economic life. See accounting policy 1.7.

Useful economic life is based on the anticipated time that the asset will be in use by the company. This is based on historic experience and asset replacement policies.

Dilapidations provision

The dilapidations provision is based on an average cost per square metre for the property leased to provide an estimate of likely costs. This is based on historic experience of likely costs but the eventual cost may differ.

Onerous contract

There is a detailed plan in place to switch contract providers in relation to the case management system. The current contract is an onerous contract and as this will not be fully utilised in the future periods, a provision has been created that is based on the cost of the subscription, the minimum users tied into the contract and the length of the contract.

Bad debt provision

The bad debt provision is based on an estimate of how much is ultimately recoverable from debtors.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover	32,255,408	27,046,871

	2021	2020
	£	£
Other significant revenue		
Interest income	-	8,319

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the UK.

4 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	17,250	11,339
For other services		
Taxation compliance services	1,010	1,065
All other non-audit services	2,500	1,500
	3,510	2,565

5 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	27	-
Depreciation of owned tangible fixed assets	438,399	473,545
Depreciation of tangible fixed assets held under finance leases	26,976	-
Amortisation of intangible assets	256,335	915,336
Operating lease charges	677,554	1,285,247

6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Management and administration	487	432	471	428

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	16,688,721	13,279,388	15,472,329	13,094,883
Social security costs	1,588,179	1,261,387	1,448,950	1,239,569
Pension costs	591,681	517,403	557,480	514,550
	18,868,581	15,058,178	17,478,759	14,849,002

6 Employees (Continued)

Redundancy payments made or committed	708,997	523,672	708,997	523,672

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	588,162	440,420
Company pension contributions to defined contribution schemes	40,469	32,101
	628,631	472,521

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2020 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	224,394	208,822
Company pension contributions to defined contribution schemes	20,885	20,475

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	-	8,319

9 Change in value of investments

	2021 £	2020 £
Fair value gains/(losses) on financial instruments		
Change in value of investments	252,145	192,249

10 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on surplus for the current period	774	39,798

10 Taxation (Continued)

	2021	2020
	£	£
Deferred tax		
Origination and reversal of timing differences	75,890	-
Changes in tax rates	4,137	-
Total deferred tax	80,027	-
Total tax charge	80,801	39,798

The actual charge for the year can be reconciled to the expected charge for the year based on the surplus or deficit and the standard rate of tax as follows:

	2021	2020
	£	£
Surplus before taxation	607,505	1,167,531
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	115,426	221,831
Exempt activity	(34,625)	(182,033)
Taxation charge	80,801	39,798

Ombudsman Services Limited is liable to corporation tax on its investment income but is exempt from corporation tax on Alternative Dispute Resolution activities, which are not considered to be trading activities for the purposes of taxation.

11 Intangible fixed assets

Group	Software	Assets under construction	Total
	£	£	£
Cost			
At 1 January 2021	3,397,191	-	3,397,191
Additions	-	1,229,262	1,229,262
At 31 December 2021	3,397,191	1,229,262	4,626,453
Amortisation and impairment			
At 1 January 2021	3,038,914	-	3,038,914
Amortisation charged for the year	256,335	-	256,335
At 31 December 2021	3,295,249	-	3,295,249

11 Intangible fixed assets (Continued)

Carrying amount			
At 31 December 2021	101,942	1,229,262	1,331,204
At 31 December 2020	358,277	-	358,277

Company	Software	Assets under construction	Total
	£	£	£
Cost			
At 1 January 2021	3,397,191	-	3,397,191
Additions	-	1,229,262	1,229,262
At 31 December 2021	3,397,191	1,229,262	4,626,453
Amortisation and impairment			
At 1 January 2021	3,038,914	-	3,038,914
Amortisation charged for the year	256,335	-	256,335
At 31 December 2021	3,295,249	-	3,295,249
Carrying amount			
At 31 December 2021	101,942	1,229,262	1,331,204
At 31 December 2020	358,277	-	358,277

12 Tangible fixed assets

Group	Leasehold improvements	Assets under construction	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 1 January 2021	778,261	125,132	3,306,626	2,289,471	6,499,490
Additions	796,589	560,832	249,773	129,408	1,736,602
Transfers	232,808	(290,296)	56,285	1,203	-
At 31 December 2021	1,807,658	395,668	3,612,684	2,420,082	8,236,092
Depreciation and impairment					
At 1 January 2021	130,953	-	2,950,029	2,180,383	5,261,365
Depreciation charged in the year	179,302	-	213,876	72,197	465,375
At 31 December 2021	310,255	-	3,163,905	2,252,580	5,726,740
Carrying amount					
At 31 December 2021	1,497,403	395,668	448,779	167,502	2,509,352
At 31 December 2020	647,308	125,132	356,597	109,088	1,238,125

Company	Leasehold improvements	Assets under construction	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 1 January 2021	778,261	125,132	3,306,626	2,244,651	6,454,670
Additions	796,589	560,832	249,773	77,473	1,684,667
Transfers	232,808	(290,296)	56,285	1,203	-
At 31 December 2021	1,807,658	395,668	3,612,684	2,323,327	8,139,337
Depreciation and impairment					
At 1 January 2021	130,953	-	2,950,029	2,176,986	5,257,968
Depreciation charged in the year	179,302	-	213,876	44,391	437,569
At 31 December 2021	310,255	-	3,163,905	2,221,377	5,695,537
Carrying amount					
At 31 December 2021	1,497,403	395,668	448,779	101,950	2,443,800
At 31 December 2020	647,308	125,132	356,597	67,665	1,196,702

12 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2021 £	2020 £	Company 2021 £	2020 £
Leasehold Improvements	539,523	-	539,523	-

13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	100	100
Listed investments		3,795,915	3,576,983	3,795,915	3,576,983
		3,795,915	3,576,983	3,796,015	3,577,083

Movements in fixed asset investments
Group

	Investments £
Cost or valuation	
At 1 January 2021	3,576,983
Valuation changes	218,932
At 31 December 2021	3,795,915
Carrying amount	
At 31 December 2021	3,795,915
At 31 December 2020	3,576,983

13 Fixed asset investments (Continued)

Movements in fixed asset investments

Company	Shares in subsidiaries £	Other investments £	Total £
Cost or valuation			
At 1 January 2021	100	3,576,983	3,577,083
Valuation changes	-	218,932	218,932
At 31 December 2021	100	3,795,915	3,796,015
Carrying amount			
At 31 December 2021	100	3,795,915	3,796,015
At 31 December 2020	100	3,576,983	3,577,083

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Lumin Tech Limited	England and Wales	Ordinary	100.00

15 Debtors

	Group 2021	2020	Company 2021	2020
Amounts falling due within one year:	£	£	£	£
Trade debtors	3,623,276	3,347,713	3,623,276	3,347,713
Other debtors	-	-	316,452	89,333
Prepayments and accrued income	1,084,030	1,544,883	1,054,818	1,544,883
	4,707,306	4,892,596	4,994,546	4,981,929

16 Creditors: amounts falling due within one year

		Group		Company	
		2021	2020	2021	2020
	Notes	£	£	£	£
Obligations under finance leases	18	169,950	-	169,950	-
Trade creditors		1,553,032	610,061	1,532,360	585,554
Corporation tax payable		20,991	27,151	4,550	27,151
Other taxation and social security		1,102,981	1,264,234	880,142	1,174,560
Other creditors		122,897	113,926	114,905	331,691
Accruals and deferred income		917,309	2,294,327	1,368,024	2,270,474
		3,887,160	4,309,699	4,069,931	4,389,430

17 Creditors: amounts falling due after more than one year

		Group		Company	
		2021	2020	2021	2020
	Notes	£	£	£	£
Obligations under finance leases	18	338,767	-	338,767	-
Accruals and deferred income		984,885	1,232,595	984,885	1,232,595
		1,323,652	1,232,595	1,323,652	1,232,595

Accruals and deferred income due after more than one year relates to the receipt of a lease premium which is being spread over the life of the lease.

18 Finance lease obligations

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	169,950	-	169,950	-
In two to five years	338,767	-	338,767	-
	508,717	-	508,717	-

Finance lease payments represent rentals payable by the company or group for certain items of leasehold improvements. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Provisions for liabilities

	Group 2021 £	2020 £	Company 2021 £	2020 £
Onerous contract provision	90,004	320,200	90,004	320,200
Dilapidations provision	749,379	468,179	749,379	468,179
Other provisions	53,500	53,500	53,500	53,500
	892,883	841,879	892,883	841,879

Movements on provisions:

Group	Onerous contract provision £	Dilapidations provision £	Other provisions £	Total £
At 1 January 2021	320,200	468,179	53,500	841,879
Additional provisions in the year	-	281,200	-	281,200
Utilisation of provision	(230,196)	-	-	(230,196)
At 31 December 2021	90,004	749,379	53,500	892,883

Company	Onerous contract £	Dilapidations provision £	Other provisions £	Total £
At 1 January 2021	320,200	468,179	53,500	841,879
Additional provisions in the year	-	281,200	-	281,200
Utilisation of provision	(230,196)	-	-	(230,196)
At 31 December 2021	90,004	749,379	53,500	892,883

20 Deferred taxation

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

Group	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	17,237	-
Investments	111,946	47,849
	129,183	47,849

20 Deferred taxation (Continued)

Company	Liabilities 2021 £	Liabilities 2020 £
Investments	111,946	47,849

Movements in the year:	Group 2021 £	Company 2021 £
Liability at 1 January 2021	47,849	47,849
Charge to profit or loss	79,454	66,354
Effect of change in tax rate - profit or loss	1,880	(2,257)
Liability at 31 December 2021	129,183	111,946

21 Retirement benefit schemes

Defined contribution schemes	2021 £	2020 £
Charge to surplus or deficit in respect of defined contribution schemes	591,681	517,403

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Operating lease commitments

Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	860,000	860,000	860,000	860,000
Between two and five years	3,440,000	3,440,000	3,440,000	3,440,000
In over five years	-	860,000	-	860,000
	4,300,000	5,160,000	4,300,000	5,160,000

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	1,464,300	1,450,175

The remuneration of key management personnel is set by the Remuneration Committee and is benchmarked against remuneration of similar sized companies according to data provided by Towers Watson.

There is no overall controlling party of the company.

24 Contingent liability

The Alternative Dispute Resolution (ADR) Services provided by The Ombudsman Service Limited have been treated as a non-trading activity and therefore not subject to corporation tax. This is on the basis that:-

- There is a statutory duty on certain companies to give their customers access to appropriate ADR.
- A statutory authority has given approval to The Ombudsman Service Limited to provide the ADR service
- The Ombudsman Service Limited governance, independence and structure require approval by Oftel and Ofgem.
- The Ombudsman Service charges for its services on the basis of covering costs.

HMRC is in the process of reviewing the status of the activities for tax purposes and has raised additional tax assessments. If HMRC's position were upheld, the liability to HMRC would be approximately £1.9 million. As the assessments are disputed by the company, this potential liability has not been recognised in the financial statements.

COMPANY STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 Cash generated from group operations

	2021	2020
	£	£
Profit for the year after tax	526,704	1,127,733
Adjustments for:		
Taxation charged	80,801	39,798
Investment income	-	(8,319)
Amortisation and impairment of intangible assets	256,335	915,336
Depreciation and impairment of tangible fixed assets	465,375	473,545
Change in value of investments	(252,145)	(192,249)
Increase/(decrease) in provisions	51,004	(29,346)
Movements in working capital:		
Decrease in debtors	185,290	1,330,065
(Decrease)/increase in creditors	(834,039)	811,051
Cash generated from operations	479,325	4,467,614

26 Analysis of changes in net funds - group

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	7,839,163	(1,950,236)	5,888,927
Obligations under finance leases	-	(508,717)	(508,717)
	7,839,163	(2,458,953)	5,380,210

27 Cash generated from operations - company

	2021	2020
	£	£
Profit for the year after tax	427,221	1,093,233
Adjustments for:		
Taxation charged	47,123	39,798
Investment income	-	(8,319)
Amortisation and impairment of intangible assets	256,335	915,336
Depreciation and impairment of tangible fixed assets	437,569	470,148
Change in value of investments	(252,145)	(192,249)
Increase/(decrease) in provisions	51,004	(29,346)
Movements in working capital:		
(Increase)/decrease in debtors	(12,617)	1,240,732
(Decrease)/increase in creditors	(714,558)	890,782
Cash generated from operations	239,932	4,420,115

28 Analysis of changes in net funds - company

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	7,836,384	(2,137,694)	5,698,690
Obligations under finance leases	-	(508,717)	(508,717)
	7,836,384	(2,646,411)	5,189,973

Ombudsman Services

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