

COMPANY REGISTRATION NUMBER 02210068

SPRINT LOANS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

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SPRINT LOANS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

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SPRINT LOANS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

E. B. Esterkin
G. S. Lederberg
P. E. Mitchell

Company secretary

G. S. Lederberg

Registered office

7 St James Square
Manchester
M2 6XX

Auditor

Saffery LLP
Statutory Auditor
Trinity
16 John Dalton Street
Manchester
M2 6HY

Bankers

National Westminster Bank Plc
250 Bishopsgate
London
EC2M 4AA

SPRINT LOANS LIMITED
THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2023

The Directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 July 2023. The company qualifies as small in accordance with the provisions of S382(3) of the Companies Act 2006 and is therefore exempt from the requirement to present an enhanced business review and a strategic report. This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Principal Activities

During the period the principal activity of the business continued to be the provision of short term secured finance.

Going Concern

The current economic conditions create uncertainty particularly over the strength of the housing market, the ability of borrowers to repay their debts and the availability of bank finance. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company is expected to be able to operate within the confines of the loan facility made available by its parent company for a period of at least twelve months from the date of signing of these financial statements. The parent company is funded via a third party and this loan facility was renewed during the previous financial year. Thus the Directors continue to adopt the going concern basis in preparing the annual financial statements.

Financial risk management objectives and policies

The company operates in a competitive market which is a continuing risk to the company and could result in losing sales to its key competitors. The company manages this risk by providing value added services to its customers, having fast response times to customer demands and maintaining strong relationships with its customers and intermediaries.

The company monitors developments in the regulatory environment so that it can be aware of any changes, and act in a timely and efficient manner in order to comply with any new regulations.

The company manages its credit risk through ensuring that all exposures are adequately secured and through effectively evaluating the credit risk of potential clients.

Operational risk is managed by management who assess the risks which are faced by the company and then formulate an appropriate plan of action in order to address and mitigate these risks.

In order to maintain liquidity to ensure sufficient funds are available for ongoing operations and future developments, the company monitors its lending policy and ensures that, where necessary, it meets its funders' requirements.

Dividends

The Directors do not recommend the payment of a dividend (2022: £nil).

SPRINT LOANS LIMITED
THE DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2023

Directors

The Directors, who served throughout the year, were as follows:

E. B. Esterkin
G. S. Lederberg
P. E. Mitchell

Future developments

Demand for short-term finance in the UK remains strong and the company will continue to take advantage of the present business conditions to consolidate our position in the marketplace.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

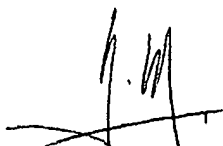
- so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Saffery LLP expressed their willingness to continue as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Registered office:
7 St James Square
Manchester
M2 6XX

Signed by order of the Directors


G. S. LEDERBERG
Director

Approved by the Directors on 1 November 2023

SPRINT LOANS LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JULY 2023

The Directors are responsible for preparing the annual Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINT LOANS LIMITED

Opinion

We have audited the financial statements of Sprint Loans Limited for the year ended 31 July 2023 which comprise of the 'Statement of Income and Retained Earnings', 'Balance Sheet', 'Statement of Cash Flow' 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2023 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINT LOANS LIMITED (continued)

performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINT LOANS LIMITED (continued)

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 are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the group and parent company include The Companies Act 2006, UK Tax legislation and The Financial Services and Markets Act 2000, on which The Financial Conduct Authority (FCA) Handbook is based.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

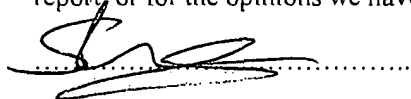
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SPRINT LOANS LIMITED (continued)**

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.



1 November 2023

Simon Kite BSc FCA (Senior Statutory Auditor)
for and on behalf of Saffery LLP

Chartered Accountants
Statutory Auditors

Trinity
16 John Dalton Street
Manchester
M2 6HY

SPRINT LOANS LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 JULY 2023

	Note	2023 £	2022 £
TURNOVER	3	3,800,939	4,009,489
Cost of sales		(193,233)	(208,491)
GROSS PROFIT		<u>3,607,706</u>	<u>3,800,998</u>
Administrative expenses		(2,152,084)	(1,873,978)
OPERATING PROFIT		<u>1,455,622</u>	<u>1,927,020</u>
Interest payable and similar charges	5	(710,596)	(132,738)
PROFIT BEFORE TAXATION		<u>745,026</u>	<u>1,794,282</u>
Tax on profit	6	(156,496)	(340,840)
PROFIT FOR THE FINANCIAL YEAR		<u>588,530</u>	<u>1,453,442</u>
RETAINED PROFIT AS AT 1 AUGUST		5,900,781	4,447,339
RETAINED PROFIT AS AT 31 JULY		<u><u>6,489,311</u></u>	<u><u>5,900,781</u></u>

All of the activities of the company are classed as continuing.

The company has no comprehensive income other than the results for the current and previous year stated above. Consequently no separate consolidated statement of comprehensive income has been presented.

The notes on pages 12 to 21 form part of these financial statements.

SPRINT LOANS LIMITED

BALANCE SHEET

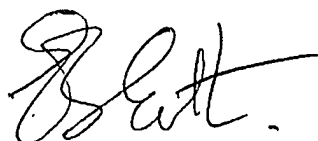
AS AT 31 JULY 2023

	Note	2023	2022
		£	£
CURRENT ASSETS			
Debtors due within one year	7	19,907,660	13,533,753
Cash at bank and in hand		<u>38,733</u>	<u>55,765</u>
		19,946,393	13,589,518
CREDITORS: Amounts falling due within one year	8	<u>(13,456,982)</u>	<u>(7,688,637)</u>
NET CURRENT ASSETS		<u>6,489,411</u>	<u>5,900,881</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,489,411	5,900,881
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	9	-	-
NET ASSETS		<u>6,489,411</u>	<u>5,900,881</u>
CAPITAL AND RESERVES			
Called-up share capital	11	100	100
Profit and loss account		6,489,311	5,900,781
TOTAL CAPITAL EMPLOYED		<u>6,489,411</u>	<u>5,900,881</u>

Company registration number 2210068.

The financial statements were approved by the board of Directors and authorised for issue on 1 November 2023

They were signed on its behalf by:



E. B. ESTERKIN
Director

The notes on pages 12 to 21 form part of these financial statements.

SPRINT LOANS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2023

	2023	2022
	£	£
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES (Note 14)	(4,934,848)	4,233,382
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(550,000)	(168,382)
Increase / (Decrease) in Loans	<u>5,467,816</u>	<u>(4,059,300)</u>
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	<u>4,917,816</u>	<u>(4,227,682)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	<u>(17,032)</u>	<u>5,700</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>55,765</u>	<u>50,065</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>38,733</u>	<u>55,765</u>

The notes on pages 12 to 21 form part of these financial statements.

SPRINT LOANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

1. ACCOUNTING POLICIES

(a) General Information and basis of accounting

Sprint Loans Limited is a private company limited by shares and incorporated in England & Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Directors' Report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of these financial statements, the results and financial position are presented in Sterling (£).

The following accounting policies have been applied consistently in the current and prior year.

(b) Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 2 to 3.

As highlighted in the Directors' Report, the company partly funds its day-to-day lending activities through a loan facility made available by its parent company, which is in turn funded by a third party loan facility. The current economic conditions create uncertainty particularly over the strength of the housing market, the ability of borrowers to repay their debts and the availability of bank finance in the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company is expected to be able to operate within the confines of this loan facility and no covenant breaches are forecast. The Directors have reasonable expectations that the company has adequate resources to continue in operational existence for a period of at least twelve months from the date of signing of these financial statements, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Turnover and cost of sales

The turnover shown in the statement of income and retained earnings represents interest, fees and charges on loans accrued during the year.

Turnover on customer receivables consists of interest received and fees on origination and redemption. For loans of less than one year interest income, fees and charges are added to the loan as incurred on an undiscounted basis. For longer term loan agreements interest and other fee income is incorporated into the total value of the loan and is spread over the life of the loan in line with the Effective Interest rate ("EIR") which results in an immaterial difference.

Cost of sales represents broking fees and commissions which are expensed as incurred.

SPRINT LOANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2023

(d) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(e) Bad and doubtful debts

Loan debtors are stated after a provision for bad and doubtful debts. Specific provisions are made against loans where recoverability is considered doubtful.

(f) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

The amounts due from customers with loan agreements written for less than one year are measured at the undiscounted amount receivable. The amounts due from customers with longer term loan agreements are measured at amortised cost using the effective interest rate method which gives rise to an immaterial difference.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or

SPRINT LOANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023

(f) Financial instruments (continued)

received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

There are no critical accounting judgements that the directors have made in the process of applying the Company's accounting policies.

3. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2023	2022
	£	£
United Kingdom	<u>3,800,939</u>	<u>4,009,489</u>

4. PARTICULARS OF EMPLOYEES

None of the Directors received any emoluments from the company during the year (2022: £nil). All the Directors receive remuneration from the parent company, Affirmative Finance Limited, as employees of the company.

No payroll costs were borne by the company in the year as all employees are contracted and paid by the parent company, Affirmative Finance Limited.

SPRINT LOANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2023 £	2022 £
Intercompany interest	<u>710,596</u>	<u>132,738</u>

6. TAX ON PROFIT

(a) Analysis of charge in the year

	2023 £	2022 £
Current tax:		
UK Corporation Tax	156,496	340,886
Total current tax	<u>156,496</u>	<u>340,886</u>
Deferred tax:		
Origination and reversal of timing differences	-	(46)
Tax on profit on ordinary activities	<u>156,496</u>	<u>340,840</u>

SPRINT LOANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023

6. TAX ON PROFIT (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit for the year is at the standard rate of corporation tax in the UK of 21% (2022 – 19%).

	2023 £	2022 £
Profit before taxation	<u>745,026</u>	<u>1,794,282</u>
Tax on company profit at the standard rate of UK corporation tax	156,496	340,914
Tax adjustment due to prior years	-	-
Capital allowances in excess of depreciation	-	46
Total current tax	<u>156,496</u>	<u>340,960</u>

Finance Act 2021 included provisions to increase the rate of corporation tax to 25% from 1 April 2023.

7. DEBTORS

	2023 £	2022 £
Due within one year		
Loan book debtors	19,907,660	13,533,753
	<u>19,907,660</u>	<u>13,533,753</u>

SPRINT LOANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023

7. DEBTORS (continued)

Amounts receivable from short term loan book debtors are measured at the undiscounted amount receivable.

Loan book debtors are secured on United Kingdom property and the company has recognised an allowance for doubtful debts against individual loans where there is evidence to suggest that the value of the underlying security is lower than the balance outstanding.

Less than 10% of the loan book debtors originated in the last 5 years disclosed above are more than 6 months past due and less than 2% of these feature any impairment. Of the loan book debtors disclosed above less than 3% feature impairment provisions.

The concentration of credit risk is limited due to the customer base being large and unrelated, and secured by a range of properties located throughout the United Kingdom. Only one loan account individually represents more than 5% of the loan book debtors disclosed above.

8. CREDITORS: Amounts falling due within one year

	2023	2022
	£	£
Amounts owed to parent company	13,254,205	7,553,026
Trade creditors	1,116	1,014
Other creditors	-	668
Accruals and deferred income	171,396	10,800
Corporation Tax	30,265	123,129
	<u>13,456,982</u>	<u>7,688,637</u>

9. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2023	2022
	£	£
Provision brought forward	-	46
Profit and loss account movement arising during the year	<u>-</u>	<u>(46)</u>
Provision carried forward	<u>-</u>	<u>-</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2023	2022
	£	£
Excess of taxation allowances over depreciation of fixed assets	-	-

SPRINT LOANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023

10. RELATED PARTY TRANSACTIONS

The company was under the control of E. B. Esterkin and G. S. Lederberg throughout the current year. E. B. Esterkin and G. S. Lederberg are Directors of both Sprint Loans Limited and its parent company Affirmative Finance Limited and shareholders of Affirmative Finance Limited.

During the year the company paid fees of £13,496 to other related parties (2022: £6,972).

All transactions were on a normal commercial basis.

11. CALLED UP SHARE CAPITAL

Allotted, called up and paid:

	2023 £	2022 £
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

12. RESERVES

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

SPRINT LOANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2023

13. FINANCIAL INSTRUMENTS

The carrying value of the Company's financial assets and liabilities are summarised by category below:

Financial assets

	2023 £	2022 £
Measured at undiscounted amount receivable		
Loan book debtors (see note 7)	19,907,660	13,533,753
	<u>19,907,660</u>	<u>13,533,753</u>

Financial liabilities

	2023 £	2022 £
Measured at undiscounted amount payable		
Amounts owed to parent company	13,254,205	7,553,026
Trade creditors (see note 8)	1,116	1,015
	<u>13,255,321</u>	<u>7,554,041</u>

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the company consists of net debt and equity of the company (comprising issued capital and retained earnings).

Credit risk management

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the company. The company has robust underwriting processes which minimise the risk of delinquency and sound collection processes to manage arrears. In addition to this, all loans within the loan book are secured on United Kingdom property.

Loan receivables consist of a large number of customers, spread across diverse geographical areas and secured on a variety of properties.

The company does not have any significant credit risk exposure to any single customer or any group of customers having similar characteristics.

SPRINT LOANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2023

13. FINANCIAL INSTRUMENTS (continued)

Market risk

The company's activities expose it primarily to the financial risks of changes in interest rates on its debt. This risk is minimised as any increase in interest cost would be met with an increase in interest income. The company has the option of increasing the interest rates charged on the majority of loans made to customers and in addition to this the short term nature of the loans allow for the book to be repriced over a short period of time. There has been no change to the company's exposure to market risks or the manner in which these risks are managed and measured.

The company does not undertake transactions denominated in foreign currencies and is not exposed to any foreign currency risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities and by continuously monitoring forecast and actual cash flows.

The company's current funding line is a revolving credit facility with the parent company which has no set repayment date. All other financial liabilities are due within one year, based on the earliest date on which the company may be required to pay.

14. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES

	2023 £	2022 £
Operating profit	1,455,622	1,927,020
(Increase) / Decrease in debtors	(6,373,906)	2,280,041
Increase in creditors	232,796	335,004
Corporation Tax Paid	(249,360)	(308,683)
Net cash (outflow) / inflow from operating activities	(4,934,848)	4,233,382

15. LOANS

	2023 £	2022 £
Intercompany loan	13,254,205	7,553,026

The intercompany loan is unsecured, with interest charged at base rate + 4%.

SPRINT LOANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2023

16. ULTIMATE CONTROLLING PARTY

The company's immediate controlling party is Affirmative Finance Limited which owns 100% of the share capital with a registered office at 7 St James Square, Manchester, M2 6XX. Affirmative Finance Limited is the largest and smallest group which includes the company and for which group accounts are prepared. Copies of the group financial statements of Affirmative Finance Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

E.B. Esterkin, a director of the Company, and members of his close family, are the ultimate controlling parties as a result of controlling, directly or indirectly, 90% per cent of the issued share capital of Affirmative Finance Limited.