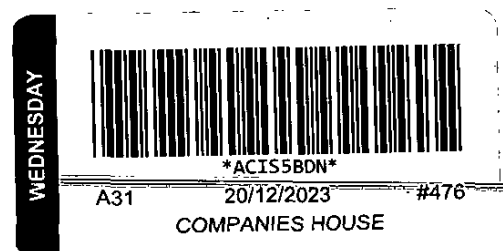


Company Registration No. 02982925

Harlands Services Ltd

Annual report and financial statements

For the period ended 31 December 2022



Contents

Page

2

Strategic report

Directors' report

7

Harlands Services Ltd

Error! Reference source not found.	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13

Harlands Services Ltd

Directors

E C Hamilton (Resigned 4th July 2022)
S Maud (Resigned 15 March 2023)
N Best (Appointed 9 August 2022, resigned 30 June 2023)
P Joseph (Appointed 15 March 2023)
A Carabin (Appointed 15 March 2023)
N McGuiness-Brown (Appointed 19 October 2023)

Registered office

1st Floor Central Square
South Orchard Street
Newcastle upon Tyne
NE1 3AZ

Harlands Services Ltd

Strategic report

For the year ended 31 December 2022

Introduction

The directors present their strategic report for Harlands Services Ltd (the “Company”) for the year ended 31 December 2022.

Review of the business

The Company specialises in providing business management software, integrated payment processing and services solutions. The solutions, which are organised around several software and service platforms operating across the United Kingdom, help clients to onboard, manage, retain and maximise revenue from their customers. We specialise in providing these solutions to the Health & Fitness industry with an increasing focus in Leisure and Entertainment. These are supported by a comprehensive call centre managing member services for our clients and their customers, plus credit control and debt recovery on overdue accounts.

Merger between Clearent and TSG (now Xplor Company)

On 1 July 2021 UK Midco III (an intermediate parent of the Company that controls and consolidates substantially all of the Company’s trading business) completed its previously announced merger with Megalo Parent Inc. Megalo Parent Inc consolidates the trading business of Clearent, a USA limited liability company, pursuant to the Merger Agreement. Clearent is a provider of business management software and payment services in the USA.

The newly combined business was branded “Xplor Technologies”.

Business review

The Company remains focused in undertaking numerous cost management actions, including ceasing certain capital expenditure projects and continuing the integration of recently acquired businesses. Many of the cost management actions create a run rate benefit and will improve profitability as volumes recover.

We continue to expand into new regions where we have identified opportunities, often with established clients who have a market presence.

The Company has continued to invest in the development and expansion of its flagship products to establish a sound platform for growth. These ongoing investments will ensure the Company is in a strong position to continue winning market share as markets recover from the impact of COVID and other economic uncertainties caused by volatile market conditions.

Revenue is a key performance indicator (“KPI”) that is regularly monitored by the Company. Financial performance controls include the preparation and review of detailed monthly management reports for Xplor Technologies LLC and its subsidiaries, where the Company is a part of. The monthly management reports which include measures of revenue by vertical, and profitability are reviewed by the Board on a monthly basis.

- Revenue: year to 31 December 2022: £6,772,000, 31 December 2021: £5,716,000

Reconciliation of profit before taxation to EBITDA

	31 December 2022 £'000	: year to 31 December 2021 £'000
(Loss) before taxation	(1,434)	(1,165)
Add back:		
Depreciation of property, plant and equipment	71	150
Amortisation of right of use asset	167	204
Amortisation of intangible assets	434	513
Net finance cost	204	69
EBITDA	(558)	(229)

Harlands Services Ltd

Strategic report (continued)

For the year ended 31 December 2022

Environmental, social and governance risks and policy

As the Company expands through both organic and acquisitive growth the Board recognises the need to establish a clear set of values and approaches with regard to environmental and social matters. These values contribute to how management make decisions that can impact all stakeholders.

The Company seeks to comply with applicable local laws (including labour laws) in the countries in which we either are based or in which we otherwise do business, support the payment of competitive wages and benefits to employees, provide a safe and healthy workplace in conformance with national and local law, and consistent with applicable law, respect the rights of employees to decide whether to join a union and engage in collective bargaining. We also respect the human rights of those affected by our business activities, including ensuring that we do not do business with organisations that utilise child or forced labour, or that have discriminatory policies. The Company has a zero-tolerance approach to bribery, facilitation payments and corruption of any form.

The Company is currently considered a low risk sector for Environmental and Social risks, with higher Governance risks in the areas of data security and governance. A summary of key environment, social and governance risks and associated management actions is summarised below.

Environmental

Due to the nature of the Company's business, environmental impact due to emissions, energy and waste management are limited. However, the Company recognises climate change as one of the biggest challenges of our time and we are conscious of our environmental responsibilities. All information in the Company is typically stored electronically. We continuously improve our various digital services solutions, which allows individuals to sign up, manage their account online and pay online. Likewise our customer correspondence is increasingly digital, with email and text messages our preferred channels for communication. These processes have been introduced to reduce the Company's administrative burden, increase efficiency and reduce our carbon footprint. We have initiatives in place to further increase the use of these processes in the future. There are opportunities for cost savings and further reputational enhancement through defining policy more broadly and as the Company carries out the operational integration of acquisitions.

The Company is not required to report on Streamlined Energy and Carbon Reporting matters.

Social

The Company no longer employs staff as they have all transferred to the fellow subsidiary Debit Finance Collections PLC who then provide services to the Company under a management agreement. Debit Finance Collections PLC are required to ensure the health and safety of colleagues at all times is an important area of social risk management.

It is important to ensure that clients uphold the same standards as the Company. As part of onboarding a client the Company will follow a "Know Your Customer" approach to client due diligence. This process verifies the nature of the client's business and includes a background check of the client and controlling parties against credit records and sanctions listings.

Governance

Data security and customer privacy are important areas of risk management for the Company. Breaches in data security or misuse of customer data could cause severe reputational impact or fines from regulatory authorities. The Company has installed leadership roles of General Counsel, Chief Information Security Office and Enterprise Risk Director together with dedicated resource to establish processes across compliance, legal, security and risk and to ensure the ongoing security of data and compliance with privacy laws.

The Company continues to be acquisitive. As part of undertaking due diligence, management evaluates environmental, public health, safety, and social issues associated with the acquisition target. After an acquisition takes place, the Company utilises established governance structures to oversee the areas of audit, risk management, and potential conflicts of interest, and implements policies that align the interests of owners and management.

Harlands Services Ltd

Strategic report (continued)

For the year ended 31 December 2022

Consideration and engagement of our stakeholders

The Board recognises its responsibility to consider the needs and concerns of our stakeholders as part of its discussion and decision-making processes and seeks to deliver value for all stakeholders.

The Company has a broad range of stakeholders who are taken into consideration by the Company during the course of its operations. Our core stakeholder Companies are set out below together with points of engagement with each stakeholder Company throughout the period.

Clients

Our clients are the primary beneficiary of the unique value proposition delivered through the combination of our software, payments and services platforms. We regularly engage our clients to understand their business needs and incorporate these into the ongoing development and continuous enhancement of our solutions.

Our Clients' Customers

Our solutions also serve the needs of our clients' customers, such as the members of a Fitness & Wellbeing location or the caregiver of a child participating in early education. Dependent on the solution being provided to our client, we often engage directly with a client's customers through our software or our contact centres. We also collect various forms of customer data on behalf of our clients, for which we always comply with relevant regulatory requirements for collecting and holding this data.

Colleagues

The Company no longer employs staff as they have all transferred to the fellow subsidiary Debit Finance Collections PLC who then provide services to the Company under a management agreement. Debit Finance Collections PLC are required to ensure employees' engagement within the organisation as this is critically important to the success of the Company. These employees represent the business externally on a daily basis, whether engaging through client support or engaging with our clients' customers through customer service. Furthermore a large number of our colleagues participate in the research and development of the Company's intellectual property, which again directly and indirectly benefits all stakeholders of the Company. The Company recognises the importance of high colleague engagement and colleagues having the skills and knowledge to represent the organisation externally. The Company maintains regular communication with colleagues through various communication platforms, keeping colleagues informed of business performance and strategic objectives. Management actively encourages feedback and engagement in communications and also carries out surveys to seek feedback on engagement. The Company also invests in training and development of colleagues.

Shareholders

We engage with our shareholders through both routine and structured management reporting and also on a continuous basis to keep them informed of material developments in the Company. During this period we have also engaged with our shareholders in relation to assessing and executing each acquisition opportunities.

Suppliers

We engage with our suppliers on an ongoing basis to ensure continuity of optimal supply and in the negotiation of commercial terms. Many of our suppliers worked with us during the COVID-19 pandemic to allow an extension of payment terms. Terms with suppliers have now returned to normal.

Communities

We are mindful of our social responsibility to the community. We continuously engage with the community that interacts with our business, through actively seeking their feedback on satisfaction with our service delivered to them. We also encourage all colleagues to spend a workday each period giving back to the community through working for a charity or community service.

Harlands Services Ltd

Strategic report (continued)

For the year ended 31 December 2022

Regulators & Governments

We engage with regulators and government organisations in a number of areas in the business, including taxation, statutory reporting, subsidies and the maintenance of operating licences in various markets. We have dedicated staff across finance and compliance functions who are responsible for ensuring ongoing compliance with regulatory and government requirements.

Principal risks and uncertainties

The directors acknowledge the importance of dedicating resource to ensure sufficient planning is made to improve operating margins within the Company. The principal risks identified and how they are mitigated are as follows:

Market risk

Competition within the market creates pricing pressures and potential margin erosion. This risk is managed through continuously improving our software products to strengthen the value proposition for our clients and delivering operational efficiencies through developing more automated and digitalised solutions.

Investment

Failure to invest in infrastructure to meet increasing demands of business growth is an inherent risk of a growing business. Management monitors infrastructure performance and regularly reviews requirements to ensure sufficient resources are available to meet service level commitments and adequately accommodate forecast growth in business demands.

Employee risk

The Company no longer employs staff as they have all transferred to the fellow subsidiary Debit Finance Collections PLC who then provide services to the Company under a management agreement. Debit Finance Collections PLC are responsible for ensuring that the correct level, mix and retention of staff is required to execute and achieve business strategies and goals and that management ensure key personnel are committed and personal development plans are in place which are specific to their job, measurable on performance and provide challenges which motivate and identify training needs.

Regulatory risk

An increasingly complex regulatory and legislative environment increases cost and reduces flexibility.

It is common to see reforms of regulation and legislation in our existing markets, such as GDPR and Brexit in Europe. The Company and Xplor Company maintains adequate resources to monitor compliance against existing, new and changing regulations and laws.

Data security risk

Data security and customer privacy are important areas of risk management for the Company. Breaches in data security or misuse of customer data could cause severe reputational impact or fines from regulatory authorities. The Company has established processes and dedicated resource across compliance, legal, security and risk functions to ensure the ongoing security of data and compliance with privacy laws.

Harlands Services Ltd

Strategic report (continued)

For the year ended 31 December 2022

Future developments

Outlook and Strategic Focus


Despite the challenges presented to the business in the continued recovery from the COVID-19 pandemic that had a large impact in 2020 and through 2022 the Directors consider the current state of affairs of the Company to be satisfactory and believe that Health & Fitness markets will continue to recover and return to growth in the near term based on the sustainable, scalable platform that has been developed and the portfolio of products.

Going concern

The Directors have undertaken a review of the going concern status of the Company by considering the anticipated level of future trading activity and the associated cash flows for a period of 12 months from the date of authorisation of these financial statements for issue. This review focused primarily on the liquidity requirements of the Company and the wider Xplor Technologies business.

This review indicates that the wider Company and Company can meet its obligations when they fall due and has sufficient headroom for a period of at least 12 months from the date of approval of these financial statements. The Company and Company will rely on support from the Company's parent company XT1 LLC to enable it to meet all obligations as they come due. Based on this and having undertaken the necessary procedures to satisfy themselves that Xplor TI LLC has the necessary financial resources to provide such support, the Directors are satisfied that the financial statements should be prepared on a going concern basis.

Approved by the Board and signed on its behalf by:


Anthony Carabin (Nov 29, 2023 14:06 GMT)

A Carabin

Director

Date: 29 November 2023

Harlands Services Ltd

Directors' report

For the year ended 31 December 2022

The directors present their annual report on Harlands Service Ltd, together with the financial statements for the year ended 31 December 2022.

Principal activities

The principal activities of the Company are to provide business management software, integrated payment processing and services solutions to the Health & Fitness industry with an increasing focus in Leisure and Entertainment. These are supported by a comprehensive call centre managing member services for our clients and their customers, plus credit control and debt recovery on overdue accounts.

Dividends

There were no dividends paid during the period 31 December 2022 year ended (31 December 2021: £nil). The directors do not recommend any final dividend.

Financial instruments

The Company uses a variety of financial instruments including cash and working capital, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the Company's operations. The directors are of the view that the main risk arising from the Company's financial instruments is liquidity risk. Credit risk is minimal. The directors set and review policies for managing each of these risks and they are summarised below.

Exchange rate risk

Exchange rate fluctuation represents a risk as the Company's operations are spread over multiple jurisdictions and trade conducted in the home currency of each jurisdiction. The prime risk is that of translation risk where foreign based operations are translated to the functional and presentation currency for the Company's financial reports (Great British Pound).

The directors do not consider that the potential downside associated with this risk at this stage in the Company's development (or in the immediate future) is of sufficient size to require hedging.

Interest rate risk

The Company finances its operations through shareholders' funds. The Company has no exposure to interest rate risk as the Company has no debt.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The cash position is reviewed daily, and cash flows are monitored monthly.

Credit risk

The Company has minimal credit risk as the majority of the fees due are deducted from amounts due to customers. However, we have seen a moderate increase in the risk through COVID 19 for which we have recorded additional provisions, but we have not identified any further systematic or on-going risk beyond this. All potential areas of financial risk are regularly monitored and reviewed by the directors and senior management. Any preventative or corrective measures are taken as necessary.

Cyber Risk

The Company continually monitors cyber risk. An adverse cyber related event where systems or data are compromised could negatively affect our market reputation or expose us to penalties, liabilities or legal claims. The Company has a Chief Security Officer who is responsible for protecting the business against cyber risk through multiple methods that defend against an intrusion of systems and ensure the protection of all data that the Company collects and holds. This active management of cyber risk is also supplemented with cyber related insurance policies. Lockdowns through COVID-19 have required colleagues to transition to work from home on a continuous basis. Our technology environment was already set up to enable this from both an accessibility, productivity, and cyber risk perspective, so changes or disruption from a cyber risk perspective have been minimal.

Harlands Services Ltd

Directors' report (continued)

For the year ended 31 December 2022

Directors

The directors of the Company who were in office during the period and up to the date of signing the financial statements, unless otherwise stated, were:

E C Hamilton (Resigned 4th July 2022)

S Maud (Resigned 15 March 2023)

N Best (Appointed 9 August 2022, resigned 30 June 2023)

P Joseph (Appointed 15 March 2023)

A Carabin (Appointed 15 March 2023)

N McGuinness-Brown (Appointed 19 October 2023)

Directors' indemnity

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

R&D activity

The Company's research and development activities consist of developing and providing clients with software and services solutions online, such as web-based client and customer portals and cloud-based software. The Company has also secured further relationships with software providers developing bespoke web services integration. This has brought increased efficiency to our clients and greater flexibility for their customers. The Company continues to develop its billing platforms for new markets which has enabled the Company to gain market share in Europe and assist the Company to grow its business in Japan, which it plans to build upon for the foreseeable future.

Employees

During the period, the policy of providing employees (now employed by a fellow subsidiary Debit Finance Collections PLC) with information about the Company has been delivered through internal communication channels in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas, including contributing to the refinement of operating strategy. The departments working for the Company hold regular team meetings for the purpose of sharing information and ideas and gathering views which are considered when making decisions which are likely to affect their interests. The Company also has an active employee and management forum who collaborate on decisions on the workspace, social events and charitable activity.

The Company works with Debit Finance Collections PLC to regularly provide employees with up-to-date information about the Company and expected conduct.

Charitable and political contributions

During the period the Company made no charitable donations and no political donations (year ended 31 December 2021: £nil).

Harlands Services Ltd

Directors' report (continued)

For the year ended 31 December 2022

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements
- 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 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.

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.

Audit exemption

The Company is entitled to exemption from audit under section 479A of the Companies Act 2006 on the grounds

- that for the year ended 31 December 2021 the Company was entitled to the exemption from a statutory audit under section 479A of the Companies Act 2006 relating to subsidiary companies, and
- that no notice has been deposited under section 476 of the Companies Act 2006 in relation to the financial statements for the financial period.

The directors acknowledge their responsibilities for

- ensuring that the Company keeps adequate accounting records which comply with section 366 of the Companies Act 2006, and
- preparing financial statements which give a true and fair view of the state of the affairs of the Company at 31 December 2021 and of its profit and loss for the year then ended in accordance with the requirement of section 394 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements so far as applicable to the Company.

On behalf of the board:


A Carabin

Director

Date: 29 November 2023

Harlands Services Ltd

Statement of comprehensive income For the year ended 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Revenue	4	6,772	5,716
Cost of sales		(1,064)	(848)
Gross profit		5,708	4,868
Administrative expenses		(6,967)	(6,100)
Operating (loss)/profit	5	(1,259)	(1,232)
Finance costs	7	(204)	(69)
Other operating income	8	29	136
(Loss)/profit before taxation		(1,434)	(1,165)
Income tax credit/(expense)	9	329	(270)
(Loss)/profit for the financial year		(1,105)	(1,435)
Other comprehensive income for the year/period		-	-
Total comprehensive (expense)/income for the year		(1,105)	(1,435)

The company's income and expenses all relate to continuing operations.

Harlands Services Ltd

Statement of financial position As at 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Non-current assets			
Intangible assets	10	587	632
Property, plant and equipment	11	14	155
Right of use assets	12	-	167
Investments	13	-	-
		<u>601</u>	<u>954</u>
Current assets			
Collection deposits	15	3,539	5,093
Cash and cash equivalents		667	538
Trade and other receivables	15	<u>22,145</u>	<u>18,659</u>
		<u>26,351</u>	<u>24,290</u>
Creditors: amounts falling due within one year	16	(13,520)	(14,243)
Collection liability	16	<u>(3,538)</u>	<u>(5,093)</u>
		<u>(17,058)</u>	<u>(19,336)</u>
Net current assets/(liabilities)		9,293	4,954
Total assets less current liabilities		9,894	5,908
Deferred Tax	14	-	-
Creditors: amounts falling due after more than one year	17	-	(39)
Net assets		<u>9,894</u>	<u>5,869</u>
Equity			
Called up share capital	18	11,131	6,001
Retained earnings		<u>(1,237)</u>	<u>(132)</u>
Total shareholders' funds		<u>9,894</u>	<u>5,869</u>

The notes on pages 13 to 29 are an integral part of these financial statements.

For the year ending 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements and related notes on pages 10 to 30 were approved by the board of directors on 29 November 2023 and signed on its behalf by:


Anthony Carabin, Nov 29, 2023 14:06 GMT

A Carabin
Director

Harlands Services Ltd

Statement of changes in equity For the year ended 31 December 2022

	Note	Called up share capital (note 18) £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 April 2021		<u>1</u>	<u>1,303</u>	<u>1,304</u>
Loss and total comprehensive expense for the period		-	(1,435)	(1,435)
Share issue		6,000	-	6,000
Balance at 31 December 2021		<u>6,001</u>	<u>(132)</u>	<u>5,869</u>
Loss and total comprehensive expense for the year		-	(1,105)	(1,105)
Share issue		5,130	-	5,130
Balance at 31 December 2022		<u>11,131</u>	<u>(1,237)</u>	<u>9,894</u>

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

1. General information

Harlands Services Ltd principal activity is the outsourced processing and collection of Direct Debits along with the management of membership subscriptions on behalf of our clients and the development of software and processes to enable the delivery of these services.

The Company is a private limited Company, limited by shares, incorporated and domiciled in the UK. The address of its registered office is 1st Floor Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ.

2. Accounting policies

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

2.1 Basis of preparation

These financial statements have been prepared on the year ended 31 December 2022 compared to that of the prior year to 31 December 2021.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

IFRS 2, 'Share Based Payment'

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment', requirement for details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined

IFRS 7, 'Financial Instruments: Disclosures'

- The entirety of IFRS 7

IFRS 13, 'Fair value measurement'

- Paragraphs 91 to 99 - disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities

IFRS 15 Revenue from Contracts with Customers

- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129.

IAS 1, 'Presentation of financial statements' – comparative information requirements – paragraph 38

- 79 (a)(iv) of IAS 1
- 73(e) of IAS 16, 'Property, plant and equipment
- 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period)

IAS 1, 'Presentation of Financial Statements':

- 10(d), statement of cash flows
- 16, statement of compliance with all IFRS

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

- 38A, requirement for minimum of two primary statements, including cash flow statements
- 38B-D, additional comparative information
- 111, cash flow statement information
- 134-136, capital management disclosures
- 10(f) a statement of financial position as at the beginning of the proceeding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements
- 40A-D requirements for a third statement of financial position

IAS 7, 'Statement of cash flows'

- The entirety of IAS 7

IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'

- Paragraph 30 and 31, requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective

IAS 24, 'Related party disclosures'

- 17, key management compensation
- to disclose related party transactions between two or more members of a Company.

2.2 Standards, amendments and interpretations effective in the period and the future

The following new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2022, and have been applied in preparing these financial statements:

- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 6;
- Onerous Contracts - Cost of Fulfilling a Contract - Amendments to IAS 37;
- Annual Improvements to IFRS Standards 2018-2020; and
- Reference to the Conceptual Framework - Amendments to IFRS 3.

The application of these amendments did not have a material impact on the financial statements and is not expected to have a material impact on future periods.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.3 Consolidation

The company is a wholly owned subsidiary of AI Sky UK Holdco Limited, its intermediate parent company. It is included in the consolidated financial statements of its intermediate parent company, which are publicly available. Therefore, the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the intermediate parent's registered office is 1st Floor Central Square South, Orchard Street, Newcastle Upon Tyne, United Kingdom, NE1 3AZ.

2.4 Going concern

The Directors have undertaken a review of the going concern status of the Company by considering the anticipated level of future trading activity and the associated cash flows for a period of 12 months from the date of authorisation of these financial statements for issue. This review focused primarily on the liquidity requirements of the Company and the wider Xplor Technologies business.

This review indicates that the wider Company and Company can meet its obligations when they fall due and has sufficient headroom for a period of at least 12 months from the date of approval of these financial statements. The Company and Company will rely on support from the Company's parent company XT1 LLC to enable it to meet all obligations as they come due. Based on this and having undertaken the necessary procedures to satisfy themselves that Xplor TI LLC has the necessary financial resources to provide such support, the Directors are satisfied that the financial statements should be prepared on a going concern basis.

2.5 Revenue

Fees and commissions, net of refunds, discounts and allowances are recognised when it is probable the economic benefit will flow to the Company. Fees earned on billing transactions are recognised on completion of the billing transaction. Fees earned on software sales are deferred and recognised evenly every month over the length of the contract.

In respect of its Payments revenues, the Company followed the guidance on principal versus agent considerations in IFRS 15 to determine the appropriateness of recognising revenue based on the gross transaction fees and commissions billed to a client or the net commissions receivable by evaluating the facts and circumstances of the contractual arrangements in place. Where the Company's Payments revenue is recognised gross of transaction fees, these are charged to the Company by third party banks or card acquiring partners and recognised as an expense, on the basis that the Company contracts separately and directly with both the client and third party banks or card acquiring partners and is primarily responsible for fulfilling the promise to provide the billing transaction to its clients, assumes the risk of loss and has pricing discretion with its clients.

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.6 Other income -Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Covid-19 Grants

Covid-19 Government grants are recognised in profit or loss over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Research and developments grants

Government grants in the form of research and development grants are receivable as compensation for expenses already incurred and are recognised in comprehensive income in the period in which they become receivable.

2.7 Intangible assets

Computer Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met.

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

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

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years. Amortisation is released to the income statement as an administrative expense.

2.8 Tangible fixed assets

All fixed assets are initially recorded at cost less accumulated depreciation and impairment losses.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, and charged to 'Administrative expenses' as follows:

Fixtures and fittings	10% - 20% per annum of cost
Equipment	33.3% per annum of cost
Leasehold improvements	Over the term of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the statement of comprehensive income

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated based on tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2.10 Pension costs

The Company operated a defined contribution pension scheme for employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.11 Leases

A right-of-use asset and a lease liability are recognised at the lease commencement date.

Lease liabilities are initially measured at the present value of the remaining lease payments, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Subsequently, the carrying value of the liability is adjusted to reflect interest and lease payments made. The interest and lease payments made are expensed in the Statement of Comprehensive Income. Lease liabilities may be re-measured when there is a change in future lease payments arising from a change in an index or market rate, or if there is a change in the lessee estimate of the amount expected to be payable.

The carrying amount of the leased asset is recorded as the right of use asset and is measured as being equal to the lease liability at the beginning of the reporting period. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the Statement of Comprehensive Income. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

The lessee assesses at lease commencement whether it expects to exercise renewal options included in contracts. Where it is reasonably certain that renewal options will be exercised, the extension period is included in the lease liability calculation.

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.12 Financial instruments

Regular Financial instruments recognised in the Statement of Financial Position include cash and cash equivalents and receivables and payables.

Classification and fair values

The Company performs a fair value assessment of its financial assets and liabilities at each financial period end in accordance with IFRS 9. Under IFRS 9, financial instruments are classified as either measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The Company classifies its financial assets and liabilities stated above at amortised cost.

Recognition and derecognition

Financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company recognises its financial assets and liabilities at fair value. The financial assets and liabilities are subsequently recognised at amortised cost.

2.13 Foreign currencies

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£'000), which is also the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except where deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the profit and loss account within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Administrative expenses'.

2.14 Impairment of financial assets

In accordance with IFRS 9 *Financial Instruments*, the Company recognises impairment losses using the lifetime Expected Credit Loss (ECL) model. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Company expects to receive. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

2. Accounting policies (continued)

2.15 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

2.16 Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities. Collection deposits are client funds deposited with financial institutions in bank accounts separate from those relating to the operations of the Company

2.18 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Finance costs

All finance costs are recognised in profit or loss in the period in which they are incurred.

2.20 Share Capital

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

2.21 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

3. Critical accounting estimates and judgment

In order to prepare the financial statements, management and the Board make various judgments and estimates that can affect the amounts recognised in the financial statements for assets, liabilities, revenues and expenses as well as information in general, including issues regarding contingent liabilities. The judgments and estimates discussed in this section are those deemed to be most important for an understanding of the financial statements, considering the level of significant estimations and uncertainty.

Useful lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives are reassessed annually and are amended when necessary to reflect current estimates, based on technological advancement, future investments, and physical condition of the asset. See note 11 for the carrying amount of the property, plant and equipment.

Useful lives of intangible assets

The Company reviews the estimated useful lives and residual values of intangible assets annually. The assets are amortised over their estimated useful lives to their residual values. Details of the useful lives assigned to the Company's intangible assets and carrying values are included in note 10.

Going concern

A review of the going concern status of the Company is carried out by considering the anticipated level of future trading activity and the associated cash flow requirements for a period of 12 months from the date of approval of these financial statements, taking into account the potential impact of COVID-19 on the commitments of the Company. Refer to page 5 for further details

4. Revenue

The total turnover of the Company for the period has been derived from its principal activity wholly undertaken in the United Kingdom. An analysis of turnover is given below:

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
United Kingdom	6,579	5,249
Europe	193	467
	<u>6,772</u>	<u>5,716</u>

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

5. Operating profit

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Operating profit/(loss) is stated after charging:		
Staff costs (see note 22)	-	1,890
Amortisation of intangible assets (included in administrative expenses)	434	513
Depreciation of right of use assets (included in administrative expenses)	167	204
Depreciation of owned fixed assets	71	150
Restructuring costs	-	151
Management fees	5,387	1,354

Management fees increased as employees were transferred to be employed by a fellow subsidiary Debit Finance Collections PLC.

6. Auditors' fees

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Audit fees payable to the company's auditors	-	-

No audit fees were incurred during the year ended December 2022 or 2021 as the advantage of the audit exemption for subsidiary companies was taken.

7. Finance costs

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Interest on lease liabilities	7	50
Foreign exchange gains/(losses)	197	19
	<u>204</u>	<u>69</u>

8. Other operating income

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
R&D tax credits	-	-
Covid-19 grants	29	136
	<u>29</u>	<u>136</u>

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

9. Income tax credit

(a) Tax expense included in profit or loss:

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Current tax		
United Kingdom corporation tax at 19% (31 March 2020: 19%) based on the profit for the period	-	-
Adjustments in respect of prior periods	(759)	290
Total current tax	<u>(759)</u>	<u>290</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	430	(20)
Effect of change in tax rate		
Total deferred tax	<u>430</u>	<u>(20)</u>
Tax charge/(credit) on profit	<u>(329)</u>	<u>270</u>

(b) Factors affecting current tax charge for the period/year

The tax assessed for the year is resulting from applying the standard rate of corporation tax in the UK 19% (31 December 2020: 19%).

	Year 31 to December 2022 £'000	Year 31 to December 2021 £'000
(Loss)/profit before taxation	(1,434)	(1,165)
Tax on (loss)/profit at standard rate of 19% (31 March 2021: 19%)	(272)	(221)
Effects of:		
Expenses not deductible for tax purposes	1	4
Amounts not recognised	687	217
Tax rate changes	-	-
Adjustment in respect of prior year	(745)	270
Tax (credit)/charge	<u>(329)</u>	<u>270</u>

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

10. Intangible assets

	Goodwill £'000	Computer Software £'000	Total £'000
Cost			
At 1 January 2022	122	3,016	3,318
Additions	-	389	389
At 31 December 2022	122	3,405	3,405
Accumulated amortisation			
At 1 January 2022	122	2,384	2,506
Charge for the year	-	434	434
At 31 December 2022	122	2,818	2,940
Net book value			
At 31 December 2021	-	632	632
At 31 December 2022	-	587	587

The net book value of the Company's intangible fixed assets mainly consist of a cloud based on-line joining portal SNAP which is used to setup direct debits and manage memberships, the core Omnis CRM/Billing platform which is used for management of direct debits for clients, a cloud based portal Payflex which is used to manage memberships and provide easy access to catch-up with missed payments, a billing platform (DDMS) which is mainly used by non-UK clients (such as continental Europe via SEPA) & projects for one of our largest clients.

11. Property, plant and equipment

	Leasehold improvements £'000	Fixtures and fittings £'000	Equipment £'000	Total £'000
Cost				
At 1 January 2022	158	217	1,014	1,389
Additions	-	-	8	8
Disposals	(158)	(217)	(929)	(1,305)
At 31 December 2022	-	-	94	1,388
Accumulated depreciation				
At 1 January 2022	140	204	890	1,234
Charge for the year	-	-	71	71
Disposals	(140)	(204)	(880)	(1,224)
At 31 December 2022	-	-	81	1,234
Net book value				
At 31 December 2022	-	-	14	14
At 31 December 2021	18	13	124	155

The net carrying amount of assets held under finance leases included in equipment is £nil (31 December 2021: £73,926).

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

12. Right of Use Asset

	Right of Use Asset £'000	Total £'000
Cost		
At 1 January 2022	671	671
Additions	-	-
Derecognition	(671)	(671)
At 31 December 2022	-	-
Accumulated depreciation		
At 1 January 2022	504	504
Charge for the year	167	167
Derecognition	(671)	(671)
At 31 December 2022	-	-
Net book value		
At 31 December 2022	-	-
At 31 December 2021	-	-

Right of use assets are related to property. Leases ended during FY22.

Lease Liabilities

	31 December 2022 £'000	31 December 2021 £'000
Opening	248	464
Acquisitions	-	-
Repayment of lease liabilities	(250)	(264)
Lease interest	2	48
	-	248

	31 December 2022 £'000	31 December 2021 £'000
Current	-	209
Non-current	-	39
	-	248

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

13. Investments

	31 December 2022 £'000	31 December 2021 £'000
Shares in Company undertakings	-	-

Investments comprising of equity shares in Harlands Diensten B.V. incorporated in the Netherlands and Harlands Services AB incorporated in Sweden have been disposed of during the year ended 2021.

14. Deferred taxation

	31 December 2022 £'000	31 December 2021 £'000
The movement in the deferred taxation provision during the period was:		
At 1 January	-	20
Adjustment in respect of prior years	-	(20)
Charge for the period	-	-
At the end of the year	-	-

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

	31 December 2022 £'000	31 December 2021 £'000
Excess of taxation allowances over depreciation of fixed assets	73	47
Short term timing differences	28	(17)
Tax losses	(101)	(30)
	-	-

Deferred tax balances are expected to be recovered/settled as follows:

No more than 12 months after the reporting period	-	-
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The company has generated tax losses in the period. Tax losses available to carry forward to future periods are £2,798,858. No deferred tax assets in excess of deferred tax liabilities arising in the company have been recognised due to uncertainty over future utilisation.

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

15. Trade and other receivables and Collection deposits

	31 December 2022	31 December 2021
	£'000	£'000
Trade receivables	415	1,130
Amounts owed by Company undertakings	20,644	17,033
Other receivables	62	4
Prepayments and accrued income	84	296
Other taxes and social security	10	6
Corporation Tax	71	70
VAT receivable	859	120
	<u>22,145</u>	<u>18,659</u>

The trade receivables above are presented net of provision for impairment on this balance. The provision for impairment in the period is £137,000 (31 December 2021: £670,000).

The credit quality of financial assets that are neither due nor impaired can be assessed by reference to historical information about counterparty default rates. The trade receivables are in Company 2 – which consists of existing customers (more than 6 months) with no defaults in the past.

Trade receivables do not carry any interest and are stated at their nominal value. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the age of the outstanding amounts. A six-month historical default rate is applied to the current period trade receivables balances to calculate the impairment. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. There were no general allowances for estimated irrecoverable amounts.

Amounts due from Company undertakings are unsecured, interest free and are repayable on demand.

	31 December 2022	31 December 2021
	£'000	£'000
Collection deposits	<u>3,539</u>	<u>5,093</u>
	<u>3,539</u>	<u>5,093</u>

Collection deposits represent the funds collected on behalf of some of the company's clients which are held in separate bank accounts on their behalf and collection liabilities are the amounts due to those clients for the funds that are held.

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

16. Creditors: amounts falling due within one year

	31 December 2022 £'000	31 December 2021 £'000
Trade creditors	54	46
Amounts owed to Company undertakings	13,155	13,481
Accruals and deferred income	311	463
Lease liability	-	209
Provision for Right of use Asset	-	44
	<u>13,520</u>	<u>14,243</u>

Amounts due to Company undertakings are unsecured, interest free and are repayable on demand.

	31 December 2022 £'000	31 December 2021 £'000
Collection liabilities	<u>3,538</u>	<u>5,093</u>
	<u>3,538</u>	<u>5,093</u>

17. Creditors: amounts falling due after more than one year

	31 December 2022 £000	31 December 2021 £000
Lease Liability (see note 12)	<u>-</u>	<u>39</u>
	<u>-</u>	<u>39</u>

18. Called up share capital

	31 December 2022 £'000	31 December 2021 £'000
Called up, allotted and fully paid:		
11,130,081 (2021: 6,101,000 ordinary shares of £1 (2021: £1)) each	<u>11,131</u>	<u>6,001</u>

During the year 5,130,081 million £1 ordinary shares were issued at par.

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

19. Finance leases

The future minimum finance lease payments are as follows:

	31 December 2022 £'000	31 December 2021 £'000
Not later than one year	-	52
Later than one year and not later than five years	-	42
Later than five years	-	-
Total gross payments	-	94
Impact on finance expenses	-	(10)
Carrying value of liability	-	84

20. Capital commitments

There were no capital commitments at 31 December 2022 (31 December 2021: £nil).

Harlands Services Ltd

Notes to the financial statements For the year ended 31 December 2022

21. Information regarding directors and employees

	Year to 31 December 2022 No.	Year to 31 December 2021 No.
Average monthly number of persons employed:		
Administration	0	43
Sales and Marketing	0	1
Management	0	0
	<u>0</u>	<u>44</u>

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Staff costs during the period:		
Wages and salaries	-	1,705
Social security costs	-	131
Other pension costs	-	54
	<u>-</u>	<u>1,890</u>

There were no directors remunerated by Harlands Services Limited during the year to 31 December 2022 (31 December 2021: nil), the directors remuneration is borne by another Company company.

23. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 101 "Reduced disclosures framework" from the requirement to make disclosures concerning related party transactions with other companies which are subsidiaries of AI Sky UK Holdco Limited. There are no other related party transactions.

The assets and undertakings of the Company have a charge over them in respect of a Facility agreement entered into by AI Sky UK Bidco Limited.

24. Contingent Liabilities

There were no other material contingent liabilities for the Company existing as at 31 December 2022 (31 December 2021: nil).

25. Ultimate parent company

The Company's ultimate parent Company is AI Sky (Cayman) Limited, a Cayman incorporated company, which is owned by various investment funds managed by Advent International Corporation. The ultimate controlling party is Advent International Corporation, an SEC Registered investment adviser.

The company's intermediate parent company is AI Sky UK Holdco Limited which is the largest and smallest undertaking that consolidates these financial statements. The Company's immediate parent undertaking is Harlands Company Limited.

Copies of AI Sky UK Holdco Limited consolidated financial statements can be obtained from the Company Secretary at 1st Floor Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ.