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**COLLECTICA LIMITED**

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**UNAUDITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2022**

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**COLLECTICA LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M S Watson (resigned 6 April 2022) R J Anderson (resigned 31 May 2022) M J Corcoran (appointed 6 April 2022) S J Callaghan (appointed 31 May 2022)
<b>Company secretary</b>	Squire Patton Boggs Secretarial Services Limited
<b>Registered number</b>	03517395
<b>Registered office</b>	12th Floor One America Square London EC3N 2LS
<b>Bankers</b>	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
<b>Solicitors</b>	Squire Patton Boggs (UK) LLP 6 Wellington Place Leeds LS1 4AP  Travers Smith LLP 10 Snow Hill London EC1A 2AL

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**COLLECTICA LIMITED**

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**COLLECTICA LIMITED**  
**REGISTERED NUMBER: 03517395**

**BALANCE SHEET**  
**AS AT 31 MAY 2022**

	Note	2022 £000	2021 £000
<b>Current assets</b>			
Debtors	6	25,893	25,901
Cash at bank and in hand		1	113
		<u>25,894</u>	<u>26,014</u>
Creditors: amounts falling due within one year	7	(33,765)	(33,878)
<b>Net current liabilities</b>		<u>(7,871)</u>	<u>(7,864)</u>
<b>Total assets less current liabilities</b>		<u>(7,871)</u>	<u>(7,864)</u>
<b>Net liabilities</b>		<u><u>(7,871)</u></u>	<u><u>(7,864)</u></u>
<b>Capital and reserves</b>			
Called up share capital		2	2
Profit and loss account		(7,873)	(7,866)
		<u>(7,871)</u>	<u>(7,864)</u>

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**COLLECTICA LIMITED**  
**REGISTERED NUMBER: 03517395**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MAY 2022**

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

Directors' responsibilities:

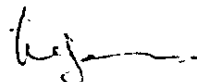
- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

 27 July 2023

.....  
**M J Corcoran**  
Director

The notes on pages 4 to 12 form part of these financial statements.

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COLLECTICA LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2022

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	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 June 2020	2	(7,928)	(7,926)
Profit for the year	-	62	62
At 1 June 2021	2	(7,866)	(7,864)
Loss for the year	-	(7)	(7)
At 31 May 2022	2	(7,873)	(7,871)

The notes on pages 4 to 12 form part of these financial statements.

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## COLLECTICA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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#### 1. General information

Collectica Limited ("the Company") is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:  
12th Floor One America Square  
London  
United Kingdom  
EC3N 2LS

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Collectica Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it.

The functional currency of Collectica Limited is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the Company operates.

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Free Flow Topco Limited as at 31 May 2021 and these financial statements may be obtained from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.

The following principal accounting policies have been applied:

##### 2.3 Going concern

In determining the appropriate basis of preparation for these financial statements, the Board has assessed the Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements. The Company's financial projections and cash flow forecasts form part of a Group assessment and given that the Group manages its treasury on a Group basis the going concern assessment has also been prepared on a Group basis.

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## COLLECTICA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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#### 2. Accounting policies (continued)

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Directors have produced a set of base level forecast financial projections which cover the period through to August 2024 incorporating a range of assumptions applicable to the individual operating business units. The ability to accurately forecast future business performance varies across business units. Forecasting for some of the larger business units are straight forward to project as revenues are contract based with any impact from contractual changes usually known at least up to 12 months in advance. Other business service lines, principally Enforcement, Commercial Debt and Traffic Technology, are variable based on caseload volumes. These latter services suffered the biggest impact of the Covid-19 restrictions, and the forecasts assume that the period to August 2024 will see a return to volumes in these business service lines close to pre-pandemic levels. The forecasts also assume a level of increased operating costs; however, the current economic environment makes forecasting precise future costs uncertain.

Trading since the reporting date continues to show significant increases in volumes and revenues. However, the Group is operating in an uncertain economic environment with cost-of-living pressures impacting the Group's operating costs and EBITDA performance. Management's momentum for the year ahead includes well established action to deliver cost savings to counter these impacts.

The base level forecasts that the Board have reviewed and approved indicate that the Group will remain in compliance with covenants in the assessment period to August 2024.

After the reporting date, the Group received an injection of funding from investors in the form of loan notes amounting to £10m on 2 February 2023. These are repayable on maturity (being 22 March 2030). Accrued interest is repayable on the same date.

The Group also successfully amended its total net debt cover and liquidity covenant requirements with lenders through to 31 May 2024. The amendment was required due to the covenant levels being set in a pre-pandemic environment on a reducing scale, which did not factor in the disruption caused by the pandemic. The business recovery has been positive post pandemic, however by amending covenant levels, along with the cash injection from investors, the Group has created additional headroom which provides a platform for growth. There has been no breach of any covenants in either the year ending 31 May 2022 or up to the date of approval of these financial statements.

The Board have prepared a plausible downside forecast covering the same time forecast period, being at least twelve months from the date of approval of these financial statements and have sensitised a reduction in the projected EBITDA by 10% in that period. Applying this sensitivity across all business service lines, without any mitigation, could result in a potential breach of covenants in the going concern period. However, if this should happen, the downside forecast scenario indicates that the Group's available liquidity would reduce but it would still have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

The Group have established cost reduction initiatives since the reporting date. These initiatives are well advanced and include cost reduction across all areas of operational spend. The impact of the cost reduction initiatives included in the forecast, result in covenant conditions being met throughout the forecast period, even under a 10% sensitivity downside scenario.

The Directors recognise that at the date of approval of these financial statements, there is a risk that future forecast growth rates and forecast cost savings may not be achieved in line with the forecast. Base level forecasts assume that volumes and revenues return to pre-pandemic levels and that the Group can effectively implement cost savings and manage future operating costs with inflation built



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## COLLECTICA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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#### 2. Accounting policies (continued)

into these assumptions. The degree of growth and the degree of cost inflation indicate the existence of a material uncertainty related to events or conditions which may be outside the Board's control.

Such events and conditions may cast doubt over the Group's ability to remain in compliance with all lending covenant requirements and liquidity. This may cast significant doubt on the Group and parent company ability to continue as a going concern, therefore, that it may be unable to realise its assets and discharge its liabilities in the ordinary course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

After review of both its base case forecasts and its plausible downside scenario, with mitigations, the Directors have a reasonable expectation that the Group will have sufficient funds to enable it to operate within its available facilities, settle its liabilities as they fall due for at least the next twelve months, and satisfy any upcoming covenant conditions in the foreseeable future. Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

#### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### Compliance fee

Turnover is recognised on cases completing the fixed fee compliance process where the fee has not been recovered in full. The turnover is calculated based on the number of open cases completing the compliance process less a provision for collection risk based upon historic collection levels. No discounting for the time value of money is applied.

#### 2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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## COLLECTICA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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#### 2. Accounting policies (continued)

##### 2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.8 Current and deferred tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred

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## COLLECTICA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2022

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#### 2. Accounting policies (continued)

tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### 2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.10 Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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COLLECTICA LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022

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3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, 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 significant estimates or judgements used in preparing these accounts, other than those detailed below.

**Impairment of amounts owed by group undertakings**

Amounts owed by group undertakings at 31 May 2022 were £25,879,000 (2021: £25,877,000). In the year, we have assessed the recoverability of the amounts owed by group undertakings and identified no indications of impairment.

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2021 - £NIL).

5. Taxation

	2022 £000	2021 £000
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	1	2
Changes to tax rates	1	(3)
<b>Total deferred tax</b>	2	(1)
<b>Taxation on profit on ordinary activities</b>	2	(1)

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**COLLECTICA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022**

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**5. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
(Loss)/profit on ordinary activities before tax	<b>(5)</b>	<b>61</b>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>(1)</b>	<b>12</b>
<b>Effects of:</b>		
Group relief	<b>68</b>	<b>(41)</b>
Tax rate changes	<b>1</b>	<b>(3)</b>
Transfer pricing adjustments	<b>(66)</b>	<b>31</b>
<b>Total tax (credit)/charge for the year</b>	<b>2</b>	<b>(1)</b>

**Factors that may affect future tax charges**

The Finance Act 2021 states that the corporation tax main rate will remain at 19% up to and including 31 March 2023. From 1 April 2023, the UK corporation tax rate will increase to 25%, and therefore deferred taxes at the balance sheet date have been measured and reflected in these financial statements using the expected future tax rate of 25%.

**6. Debtors**

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
<b>Due after more than one year</b>		
Deferred tax asset	<b>9</b>	<b>11</b>
	<b>9</b>	<b>11</b>
<b>Due within one year</b>		
Trade debtors	<b>-</b>	<b>11</b>
Amounts owed by group undertakings	<b>25,879</b>	<b>25,877</b>
Other debtors	<b>5</b>	<b>-</b>
Prepayments and accrued income	<b>-</b>	<b>2</b>
	<b>25,893</b>	<b>25,901</b>

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COLLECTICA LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022

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6. Debtors (continued)

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

7. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Amounts owed to group undertakings	33,763	33,011
Other taxation and social security	-	862
Other creditors	1	-
Accruals and deferred income	1	5
	<u>33,765</u>	<u>33,878</u>

Amounts owed to group undertakings are interest free, unsecured and payable on demand.

8. Deferred taxation

	2022 £000
At beginning of year	11
Charged to profit or loss	(2)
<b>At end of year</b>	<u><u>9</u></u>

The deferred tax asset is made up as follows:

	2022 £000	2021 £000
Fixed asset timing differences	9	11
	<u>9</u>	<u>11</u>

The tax debtor is expected to be recovered in more than 12 months.

9. Post balance sheet events

There have been no significant events affecting the company since the year end.

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**COLLECTICA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2022**

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**10. Ultimate controlling party**

Marston (Holdings) Limited is the immediate parent undertaking of Collectica Limited. Marston (Holdings) Limited has included the company in its group financial statements, copies of which are available from its registered office - Rutland House, 8th Floor, 148 Edmund Street, Birmingham, B3 2JR.

The smallest group of undertakings for which consolidated financial statements have been drawn up is that headed by Marston (Holdings) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by the ultimate parent company and controlling party as at 31 May 2021, Free Flow Topco Limited. Consolidated accounts are available from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.