

Company number: 03702599

1st Locate (UK) Limited

Annual report and financial statements
for the year ended 30 April 2017



Contents

	PAGE
Directors and Advisors	1
Strategic Report for the year ended 30 April 2017	2
Directors' Report for the year ended 30 April 2017	4
Independent auditors' report to the members of 1st Locate (UK) Limited	7
Profit and loss account for the year ended 30 April 2017	10
Balance sheet as at the year ended 30 April 2017	11
Statement of changes in equity for the year ended 30 April 2017	12
Statement of cash flows for the year ended 30 April 2017	13
Statement of accounting policies for the year ended 30 April 2017	14
Notes to the financial statements for the year ended 30 April 2017	19

Directors and Advisors

Directors

Andrew Barclay
Darren Guest
Karen Ryan

Company Secretary

Andrew Barclay

Registered Number

03702599

Registered Office

Town Centre House
1st floor West Wing
Leeds
West Yorkshire
LS2 8LY

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
Leeds
LS1 4DL

Strategic report for the year ended 30 April 2017

The directors present their strategic report on the group for the year ended 30 April 2017.

Principle Activities and Business Review

The Company provides outsourced revenue management services including billing collection, account maintenance, investigation and collection services to the Utility, Telecoms and Public Sector/Central Government. The Company is uniquely positioned to undertake large volume highly complex account management, correction and resolution tasks on behalf of clients in the specific sectors mentioned above. The Company has continued to develop these services over a period of 17 years built upon a policy of treating customers as you would expect to be treated yourself, approaching complex queries or situations in a positive and empathetic manner. This approach has enabled the company to collaborate better with its client base, interact better with its client's customer base and lead the way in an ever-changing social and economic environment. The Company has successfully expanded the range and depth of services plus achieved a significant increase in operational capacity provided to the Utility, Telecoms and Central Government sectors during the previous 12 months. The additional capacity and capability coupled with significant expertise and experience increases the credentials required to win and maintain significant new tender based opportunities. The Company does expect additional contract awards and tender gains to be awarded in the next 12 month period.

Principle Risks and Uncertainties

As a result of normal business activities, the company is exposed to a range of risks, the most significant being operational and conduct risk. Operational risks are defined as financial loss or impairment to reputation as a result of failure of internal processes. The Company places reliance on their Actius system and there would be a significant impact if the system went down. This risk is mitigated through the Company's Data Recovery Plan. The Board of Directors define and establish the internal control framework and line managers manage the day to day operational risks within this framework. Conduct risk is the risk of actions, conduct, behaviours and decisions leading to inappropriate or inadequate customer outcomes. Conduct risk is managed by a risk, audit and compliance framework which monitors and reports on staff activity to ensure compliance with all legal, regulatory and contractual obligations. 1st Locate (UK) Limited meets these obligations through adopting the 6 Treating Customers Fairly principles and ensuring that fair outcomes for consumers are at the heart of the business's objectives and activities.

Results for the Year

Revenue increased from £6.7m to £8.5m, a growth of 27%. This has been a result of increases in both numbers of clients and the volume of accounts serviced. The business earned £0.7m of operating profit, with an investment in staffing levels which saw the number of employees rise to 242 by April 2017 across 3 sites in the UK. Net assets at year end rose to £1.0m (2016: £0.6m).

Strategic report for the year ended 30 April 2017 (continued)

Performance Indicators (KPIs)

The main KPIs used within the business to judge performance in the financial year were client and company level analysis' of allocations of work received, payments collected, commission rates, cost/income ratios and EBITDA. These are used alongside key operational data points to measure productivity and compliance.

Future Developments and Opportunities

The Company enhanced the range and depth of services provided to the Utility, Telecoms and Government Sectors during the previous 12 months. In addition, strong trading enabled increased investment in additional resourcing, technology and premises, which has significantly increased the volume processing capability of the Company operations. Consequently, over the coming year the company expects to make significant strides forward in all areas of customer management utilizing in-house developed technological advancements and a broader customer centric way of thinking. Effective, professional and enhanced customer interaction by way of an ability to manage high volume customer portfolio in a bespoke manner will be a key growth contributor. The Company is well positioned to gain new contract awards and is already competing for increased tender opportunities. The Company expects to be awarded several of these during the next 12 months and expects a strong rate of growth as a consequence.

By order of the board



Darren Guest
Managing Director
10th November 2017

Directors' report for the year ended 30 April 2017

The directors present their annual report together with audited financial statements of the company for the year ended 30 April 2017.

Principal activities

1st Locate (UK) Limited's principal activity is included within the strategic report on page 2.

Review of the business

The review of the business is included within the strategic report on page 2.

Future developments

Future developments have been included within the strategic report on page 3.

Employees

Equal opportunity for all is at the fore front of our recruitment process at 1st Locate (UK) Limited. Through-out the process for attracting and assessing prospective new employees, a robust scoring matrix is utilised to ensure the skills of the individual are the ultimate focus.

An induction and performance management and development programme is in place for our operational employees and structured appraisal related pay exists for support employees. This ensures 1st Locate (UK) Limited is fair and transparent on all aspects of development, appraisal and pay.

Monthly one to one meetings for employees with their direct line manager provide a platform for the employee to discuss openly company and individual performance and allow the employee a voice for any concerns or ideas they may have. In addition, annual anonymous staff surveys are conducted which invite all employees to express their thoughts and suggestions as to what they feel is going well within the business or could be improved.

Directors

The directors of the company who were in office during the year and up to the date of the signing the financial statements were;

Andrew Barclay
Darren Guest
Karen Ryan (appointed 4th May 2017)

Directors' report for the year ended 30 April 2017 (continued)

Dividends

A dividend on Ordinary B and C shares of £250,000 (2016: £165,000) was declared for the year on 30th June 2017.

Research and development

Research and development in the year has been focused on improving the technology used in the in house system, Actius, with the strategic aim of the system becoming a fully integrated collection and telecommunication system which optimises strategies using data enrichment processes and allows client interaction.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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.

Directors' report for the year ended 30 April 2017 (continued)

Statement of directors' responsibilities (continued)

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 102, have been followed, subject to any material departures disclosed and explained in 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 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.

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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Darren Guest
Managing Director
10th November 2017

Independent auditors' report to the members of 1st Locate (UK) Limited

Report on the financial statements

Our opinion

In our opinion, 1st Locate (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 30 April 2017;
- the Profit and Loss Account for the year then ended;
- the Statement of cash flows for the year then ended;
- the Statement of changes in equity for the year then ended;
- the Statement of accounting policies for the year then ended; and
- the notes to the financial statements, and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Independent auditors' report to the members of 1st Locate (UK) Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

Independent auditors' report to the members of 1st Locate (UK) Limited (continued)

What an audit of financial statements involves (continued)

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Nicholas Cook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
10 November 2017

Profit and Loss Account for the year ended 30 April 2017

	Note	2017 £000s	Restated 2016 £000s
Turnover	1	8,506	6,730
Cost of sales		(5,276)	(4,068)
Gross profit		3,230	2,662
Administrative expenses		(2,890)	(2,227)
Other operating income		404	-
Operating Profit	2	744	435
Interest receivable and similar income	4	3	7
Interest payable and similar expenses	4	(27)	(35)
Profit before taxation		720	407
Tax refund (charge) on profit	5	1	(84)
Profit for the financial year		721	323

All activities in the current year relate to continuing operations.

There is no other comprehensive income for the year.

Balance Sheet as at 30 April 2017

	Note	2017 £000s	Restated 2016 £000s
Fixed assets			
Intangible assets	6	5	-
Tangible assets	7	233	89
Investments	8	-	-
		238	89
Current assets			
Debtors	9	2,311	2,212
Cash at bank and in hand	10	419	74
		2,730	2,286
Creditors: amounts falling due within one year	11	(1,853)	(1,755)
Net current assets		877	531
		1,115	620
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	12	(34)	(10)
Net assets		1,081	610
Capital and reserves			
Called up share capital	14	38	38
Retained earnings		1,043	572
Total equity		1,081	610

The notes on pages 19 to 27 are an integral part of these financial statements.

The financial statements on pages 10 to 27 were authorised for issue by the board of directors on 10th November 2017 and were signed on its behalf.



Darren Guest
Managing Director
1st Locate Limited
Registered no. 03702599

Statement of changes in equity for the year ended 30 April 2017

	Note	Called Up Share Capital £000s	Retained Earnings £000s	Total Equity £000s
Balance as at 1 May 2016	14	38	572	610
Profit for the financial year		-	721	721
Dividends		-	(250)	(250)
Balance as at 30 April 2017		38	1,043	1,081

Statement of changes in equity for the year ended 30 April 2016

	Note	Called Up Share Capital £000s	Retained Earnings £000s	Total Equity £000s
Balance as at 1 May 2015		38	419	457
Profit for the financial year		-	323	323
Dividends		-	(170)	(170)
Balance as at 30 April 2016		38	572	610

Statement of cash flows for the year ended 30 April 2017

	Note	2017 £000s	Restated 2016 £000s
Net cash from operating activities	15	1,011	9
Taxation received /(paid)		(83)	(45)
Net cash generated from / (used in) operating activities		928	(36)
Cash flow from investing activities			
Purchase of tangible assets		(208)	(30)
Net cash used in investing activities		(208)	(30)
Cash flow from financing activities			
(Repayment)/ increase of bank borrowings		(203)	273
Dividends paid in cash		(145)	(104)
Interest paid		(27)	(35)
Net cash (used in)/generated from financing activities		(375)	134
Net increase in cash and cash equivalents		345	68
Cash and cash equivalents at the beginning of the year		74	6
Cash and cash equivalents at the end of the year		419	74
Cash and cash equivalents consists of:			
Cash at bank and in hand		419	74

Statement of Accounting Policies for the year ended 30 April 2017

General Information

1st Locate (UK) Limited ('the Company') provides billing, revenue management and support and fulfilment services to companies. The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is Town Centre House, 1st Floor West Wing, The Merrion Centre, Leeds, LS2 8LY.

Statement of compliance

The financial statements of 1st Locate (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards, including FRS102, "The financial reporting standard applicable in the United Kingdom and Republic of Ireland" and the Companies Act 2006.

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. The company has adopted FRS 102 in these financial statements for the first time. Refer to note 20 for details of the transition.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 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 below. The Company has taken advantage of the exemption in sections 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is a small sized group.

Critical accounting judgments and estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible and intangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 7 for the carrying amount of the property plant and equipment, and accounting policies for the useful economic lives for each class of assets.

Statement of Accounting Policies for the year ended 30 April 2017 (continued)

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 9 for the net carrying amount of the debtors and associated impairment provision.

Provisions

Provisions are made against historic amounts for customer payments collected not yet paid to clients. These provisions require management's best estimate of liability that may be present.

Going Concern

The company meets its day-to-day working capital requirements through its bank and factoring facilities. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statement.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of returns, discounts and rebates allowed by the company and value added taxes. The company recognises revenue when the service provided to the client or customer is complete. Revenue is both commission based, calculated on payments collected and fixed fees.

Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined pension contribution plans

The company pays into a government nominated defined contribution pension scheme. 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.

Annual Bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Statement of Accounting Policies for the year ended 30 April 2017 (continued)

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 on the basis of 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 on the basis of 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.

Intangible assets

Computer software or data is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life between three and five years, on a straight line basis. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstance.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

- | | |
|--------------------------|----------------------------|
| • Leasehold Improvements | over the life of the lease |
| • Computer Equipment | 3 years |
| • Fixtures and Fittings | 6.5 years |
| • Motor Vehicles | 5 years |

Statement of Accounting Policies for the year ended 30 April 2017 (continued)

Tangible assets (continued)

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating Leases

Leases that do not transfer all of the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments. Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Investment

Investment in Actius Investments (UK) Limited is held at cost less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents includes 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. Bank overdrafts are shown within borrowings in current liabilities.

Provisions and contingencies

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Provisions include deferred tax liabilities. The accounting policy for deferred taxation is included in the taxation accounting policy note. The recognition criteria for contingent assets are different from those for contingent liabilities.

Statement of Accounting Policies for the year ended 30 April 2017 (continued)

Provisions and contingencies (continued)

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

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.

Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements, in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group.

Invoice Discounting

The company utilises an invoice discounting facility which allows the draw-down of cash against sales invoices issued. This facility is treated as a basic finance debt instrument, stated at cost, which is measured as cash advances received in excess of the cash collections on trade invoices. Interest and similar charges on the provision of the facility are charged to the profit and loss as incurred.

Client Money and Client Liabilities

Through the normal course of business the company collects and holds money on behalf of clients. This client money is held in separate bank accounts to company money. A client liability is recorded against the cash held and are excluded from the balance sheet as amounts are not available to the Company. No interest is earned or charged against client monies.

Notes to the Financial Statements for the year ended 30 April 2017

1. Turnover

Analysis of turnover by category

	2017 £000s	2016 £000s
Collection based Commissions	7,342	5,926
Other Sales	1,164	804
	8,506	6,730

All revenue is earned within the UK.

2. Operating profit

Operating profit is stated after charging:

	Note	2017 £000s	2016 £000s
Staff costs	3	4,806	3,814
Loss on disposal of tangible assets	7	8	-
Operating lease charges		218	295
Audit fees payable to the company's auditors		25	15
Non Audit services provided by company's auditors		4	10

Other operating income of £404,000 within operating profit includes an exceptional item of £306,000 relating to aged credit write backs.

3. Employees and directors

	Note	2017 £000s	2016 £000s
Wages and salaries		4,589	3,615
Social security costs		203	187
Other pension costs		14	12
Staff costs		4,806	3,814

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

By activity	2017 Number	2016 Number
Operational	170	126
Support	37	35
	207	161

Notes to the Financial Statements for the year ended 30 April 2017 (continued)

3. Employees and directors continued

	2017 £000s	2016 £000s
Directors		
The directors' emoluments were as follows:		
Aggregate remuneration	1,131	999

The highest paid directors emoluments were £1,105,582 (2016: £892,885).

4. Interest payable / receivable and similar expenses /income

	2017 £000s	2016 £000s
Interest payable on other loans	(27)	(35)
Interest Receivable on directors loans	3	7

5. Tax on profit

a. Tax expense included in profit or loss

	2017 £000s	2016 £000s
Current tax:		
Corporation tax on UK profits	117	87
Adjustment in respect of prior periods	(142)	-
Total current tax	(25)	87
Deferred tax:		
Origination and reversal of timing differences	30	(3)
Effect of changes in tax rates	(6)	-
Total deferred tax	24	(3)
Total tax (refund)/expense included in profit and loss account	(1)	84

Notes to the Financial Statements for the year ended 30 April 2017 (continued)

b. Reconciliation of tax charge

Tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK for the year ended 30 April 2017 of 19.92% (2016: 20%). The differences are explained below:

	2017 £000s	2016 £000s
Profit before taxation	720	407
Profit multiplied by the standard rate of tax in the UK of 19.92% (2016: 20%)	143	81
Effects of:		
– Capital Allowances less than depreciation	-	2
– Expenses not deductible for tax purposes	4	1
– Adjustment in respect of prior years	(142)	-
– Tax rates changes	(6)	-
Tax charge for the year	(1)	84

Factors affecting current and future tax changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

6. Intangible assets

	Branding £000s
At 1 May 2016	
Cost	-
Accumulated amortisation and impairment	-
Net book amount	-
Year ended 30 April 2017	
Opening net book amount	-
Additions	5
Closing net book amount	5
At 30 April 2017	
Cost	5
Accumulated amortisation and impairment	-
Net book amount	5

The intangible assets include branding which was developed by external marketing experts to support the launch of the First Centric brand in the 2018 financial year.

Notes to the Financial Statements for the year ended 30 April 2017 (continued)

7. Tangible assets

	Leasehold Improve- ments £000s	Fixtures and Fittings £000s	Motor Vehicles £000s	Computer Equipment £000s	Total £000s
At 1 May 2016					
Cost	45	203	138	372	758
Accumulated depreciation and impairment	(20)	(172)	(138)	(339)	(669)
Net book amount	25	31	0	33	89
Year ended 30 April 2017					
Open net book amount	25	31	-	33	89
Additions	29	71	-	103	203
Disposals	(8)	-	-	-	(8)
Depreciation	(3)	(13)	-	(35)	(51)
Closing net book amount	43	89	-	101	233
At 30 April 2017					
Cost	66	274	138	475	953
Accumulated depreciation and impairment	(23)	(185)	(138)	(374)	(720)
Net book amount	43	89	-	101	233

8. Investments

	2017 £s	2016 £s
Net book Value at 1 May and 30 April	80	80
Analysed as:		
Actius Investments UK Limited	80	80

An 80% shareholding is held in Actius Investments UK Limited which is a dormant company registered at Town Centre House, 1st Floor West Wing, The Merrion Centre, Leeds, West Yorkshire, LS2 8LY.

Notes to the Financial Statements for the year ended 30 April 2017 (continued)

9. Debtors

	2017	Restated 2016
	£000s	£000s
Trade Debtors	1,831	1,665
Other Debtors	161	263
Corporation Tax	21	-
Prepayments and accrued income	298	284
	2,311	2,212

Trade debtors are stated after provisions for impairment of nil (2016: nil).

10. Cash at bank in hand

Cash at bank in hand is £419,000 (2016: £74,000). The entire balance is for corporate purposes. Cash held in client accounts is excluded.

11. Creditors: amounts falling due within one year

	2017	Restated 2016
	£000s	£000s
Bank loans and overdrafts	-	34
Trade creditors	508	261
Short Term Loan	100	268
Corporation tax	-	87
Other taxation and social security	363	370
Other creditors	74	378
Directors Loan Accounts	262	262
Accruals and deferred income	546	95
	1,853	1,755

Short Term Loans comprises of factoring guaranteed against trade debtors.

Amounts due to customers in respect of debts collected are excluded.

	2017	Restated 2016
	£000s	£000s
Client Cash held in bank accounts	4,275	2,266
Client Creditor	(4,275)	(2,308)

Notes to the Financial Statements for the year ended 30 April 2017 (continued)

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

	2017 £000s	2016 £000s
Amounts falling due between one and five years		
Deferred tax provision	34	10
	34	10

The company had deferred tax provisions on capital allowances of £34,293 (2016: £10,000)

There are no unused tax losses or credits.

The net deferred tax liability expected to reverse in 2018 is £34,293. This relates to the reversal of timing differences on capital allowances.

13. Post-Employment Benefits

The company pays into a government nominated pension scheme to comply with legal requirements. The total charge for defined contributions into this scheme was £13,895, (2016: £12,441).

14. Called up share capital

Allotted, Called Up and Fully Paid Ordinary Shares of £1 each.

	2017 £s	2016 £s
Equity: Ordinary Shares		
Ordinary 'A' Shares	30,000	30,000
Ordinary 'B' Shares	5,250	5,250
Ordinary 'C' Shares	2,250	2,250
	37,500	37,500

Dividend: On Equity Ordinary 'B' and 'C' Shares

Final Dividends	250,000	165,000
-----------------	---------	---------

Notes to the Financial Statements for the year ended 30 April 2017 (continued)

15. Notes to the statement of cashflows

	2017 £000s	2016 £000s
Profit for the financial year	721	323
Tax on profit (refund)	(1)	84
Net interest expenses	24	28
Operating profit	744	435
Depreciation of tangible assets	51	45
Loss on disposal of tangible assets	8	-
Other provisions less payments	(308)	(9)
Working capital movements:		
– (Increase) in debtors	(180)	(766)
– Increase in payables	696	304
Cash flow from operating activities	1,011	9

16. Capital and other commitments

At 30 April 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000s	2016 £000s
Payments Due		
Not Later than one year	221	12
Later than one year and not later than five years	468	209
Later than five years	297	-
	986	221

17. Related Party Transactions

A company director, Mr. Darren Guest had a loan from the company during the year. Interest has been charged at 3% on the year end outstanding balance.

At 30 April 2017 an amount of £97,336 (2016: £199,272) was owed to the business by Darren Guest. During the year the company advanced £148,064 to Darren Guest (2016: £163,194) and was repaid £250,000 (2016: £222,400) in respect of this loan.

Notes to the Financial Statements for the year ended 30 April 2017 (continued)

18. Ultimate controlling Party

The ultimate controlling party is the Barclay family by virtue of their shareholding.

19. Prior year adjustment

The comparative figures for the year ended 30 April 2016 have been restated as certain Profit and Loss costs and Balance Sheet items had been incorrectly classified and recognised.

Operating expenses such as costs of customers' letters and interest payable were included within administrative expenses in prior year. These have been correctly reclassified to cost of sales and interest payable respectively. Accrued income was stated as a stock balance in prior year and has been correctly reclassified to debtors. Cash held on behalf of clients was included in Cash at Bank along with the corresponding client money liability within Creditors in the prior year. These balances have been correctly excluded from the Balance Sheet in the current year.

The amendments to the Profit and Loss and Balance Sheet as a result of these re-classifications have been shown below.

	2016 £000s	Adjust- ment made £000s	2016 restated £000s
Turnover	6,730	-	6,730
Cost of sales	(3,059)	(1,009)	(4,068)
Gross profit	3,671	(1,009)	2,662
Administrative expenses	(3,271)	1,044	(2,227)
Other operating (losses)/gains	-	-	-
Operating Profit	400	35	435
Interest receivable and similar income	7	-	7
Interest payable and similar expenses	-	(35)	(35)
Profit before taxation	407	-	407
Tax on profit	(84)	-	(84)
Profit for the financial year	323	-	323

	2016 £000s	Mov't £000s	2016 restated £000s
Stock	118	(118)	-
Debtors	2,094	118	2,212
Cash at bank and in hand	2,340	(2,266)	74
Creditors: amounts falling due within one year	(4,021)	2,266	(1,755)

**Notes to the Financial Statements for the year ended 30 April 2017
(continued)**

20. Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 30 April 2016.

There were no material changes to the previously reported changes in equity under UK GAAP arising from the transition to FRS 102 at the beginning of the comparative period.

There were no material changes to the profit and loss under UK GAAP arising from the transition to FRS 102 at the beginning of the comparative period.

The date of the transition to FRS102 was 1 May 2015.