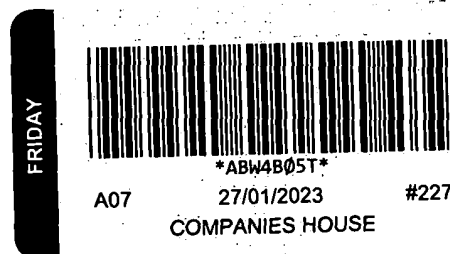


Company number: 03702599

1st Locate (UK) Limited

**Annual report and financial statements
for the year ended 30 April 2022**



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Directors and Advisors

Directors

Andrew Barclay
Darren Guest

Company Secretary

A G Secretarial Limited

Registered Number

03702599

Registered Office

Apson House
Bullerthorpe Lane
Leeds
LS15 9JN

Independent Auditors

Azets Audit Services Limited
33 Park Pl
Leeds
LS1 2RY

Strategic report for the year ended 30 April 2022

The directors present their strategic report on the Group for the year ended 30 April 2022.

Principle Activities and Business Review

The Group provides outsourced revenue management services, including billing collection, account maintenance, investigation and collection services to the Utility, Telecoms, Public Sector/Central Government and Financial Services sectors across three sites in the UK. The Group 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 Group has continued to develop these services, over a period of 23 years, built upon a policy of treating customers as you would expect to be treated yourself and approaching complex queries or situations in a positive and empathetic manner. This approach has enabled the Group 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, now also changed by the effects of the Covid 19 pandemic.

Group sales increased by around 10% despite difficulties providing the level of resourcing required to maximise all contractual opportunities. The Group has always harboured aspirations to move to a "real living wage" employer and moved to this status during the year in order to maintain competitive employment packages. Pressures on a number of other variable costs also impacted the overall performance for the year. Notably postage, print and fulfilment together with card merchant processing fees.

Principle Risks and Uncertainties

As a result of normal business activities, the Group 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 Group places reliance on their Actius system and there would be a significant impact if the system went down. This risk is mitigated through the Group'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. The Group 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

Despite pressures on variable costs, revenue increased from £11.6m to £12.7m, a growth of 9.5%. This has been as a result of increases in both numbers of clients and the volume of accounts serviced. The business earned £0.1m of operating profit, a decrease from the previous year due to increased employment costs, postage and print costs, and card merchant fees. Net assets at year-end increased to £3.1m (2021: £2.8m).

Strategic report for the year ended 30 April 2022 (continued)

Performance Indicators (KPIs)

The main KPIs used within the business to judge performance in the financial year were client and company level analyses 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 has continued to develop and invest heavily in new self-service technologies with a primary goal to offer customers a greater service choice and increased autonomy. Similarly, further developing our ability to identify and sensitively manage Customers with vulnerabilities or additional service needs has merited increased investment in systems, processes, and people in order to continue moving our service offering forward in this area.

By order of the board

Dguest

Darren Guest
Managing Director
10 January 2023

Directors' report for the year ended 30 April 2022

The directors present their annual report together with audited consolidated financial statements of the Group for the year ended 30 April 2022.

Principal activities

The Group'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 forefront of our recruitment process. Throughout 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 all employees. This ensures the Group is fair and transparent in all aspects of development, appraisal and pay. The learning and development and employee wellbeing programmes have been further strengthened in the year as part of a continual investment into our employees.

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 of the financial statements were:

Andrew Barclay
Darren Guest

Directors' report for the year ended 30 April 2022 (continued)

Dividends

Dividends on Ordinary B and C shares of £nil (2021: £nil) were declared for the year.

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 auditor, Azets Audit Services Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Disclosure of information to the Auditors

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

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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

Directors' report for the year ended 30 April 2022 (continued)

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 group and company 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 group and company and of the profit or loss of the group and 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 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 group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

By order of the board

Dguest

Darren Guest
Managing Director
10 January 2023

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

Opinion

We have audited the financial statements of 1st Locate (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2022 which comprise the group profit and loss account, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

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

with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Extent to which the audit was capable of identifying irregularities, including fraud

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management, and from inspection of the company's regulatory and legal correspondence. We discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance during the audit.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, pensions legislation, taxation legislation and further laws and regulations that could indirectly affect the financial statements, comprising environmental and employment legislation, FCA legislation and, in the current climate, Covid regulations. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These procedures did not identify any potentially material actual or suspected non-compliance.

To identify risks of material misstatement due to fraud we considered the opportunities and incentives and pressures that may exist within the company to commit fraud. Our risk assessment procedures included: enquiry of directors to understand the high-level policies and procedures in place to prevent and detect fraud, reading Board minutes and considering performance targets and incentive schemes in place for management. We communicated identified fraud risks throughout our team and remained alert to any indications of fraud during the audit.

As a result of these procedures, we identified the greatest potential for fraud in the following areas:

- revenue recognition and in particular the risk that revenue is recorded in the wrong period; and
- subjective accounting estimates

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

both due to a desire to present stronger results and enable management to benefit from enhanced incentives. As required by auditing standards we also identified and addressed the risk of management override of controls.

We performed the following procedures to address the risks of fraud identified:

- identifying and testing high risk journal entries through vouching the entries to supporting documentation.
- assessing significant accounting estimates for bias.
- testing the timing and recognition of income and, in particular, that it was appropriately recognised or deferred.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services Limited

Jessica Lawrence (Senior Statutory Auditor)
for and on behalf of Azets Audit Services Limited
Chartered Accountants
Statutory Auditor

33 Park Place
Leeds
LS1 2RY

10 January 2023

Consolidated Profit and Loss Account for the year ended 30 April 2022

	Note	2022 £'000	2021 £'000
Turnover	1	12,715	11,571
Cost of sales		(9,334)	(8,253)
Gross Profit		3,381	3,318
Administrative expenses		(3,282)	(3,043)
Other operating income	2	24	584
Operating Profit	2	123	859
Interest receivable and similar income	4	13	13
Interest payable and similar expenses	4	(53)	(30)
Profit before taxation		83	842
Tax on profit	5	218	(118)
Profit for the financial year		301	724

All activities in the current year relate to continuing operations.

There is no other comprehensive income for the year.

Consolidated and Company Balance Sheet as at 30 April 2022

	Note	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Fixed assets					
Goodwill	6	5	6	-	-
Intangible assets	7	7	14	7	14
Tangible assets	8	1,968	225	1,968	225
Investments	9	-	-	72	72
		1,980	245	2,047	311
Current assets					
Debtors	10	2,739	4,620	2,709	4,586
Cash at bank and in hand	11	931	847	804	752
		3,670	5,467	3,513	5,338
Creditors: amounts falling due within one year	12	(1,637)	(2,854)	(1,642)	(2,845)
Net current assets		2,033	2,613	1,871	2,493
Total assets less current liabilities		4,013	2,858	3,918	2,804
Creditors: amounts falling due after more than one year	13	(881)	(27)	(881)	(27)
Net assets		3,132	2,831	3,037	2,777
Capital and reserves					
Called up share capital	15	38	38	38	38
Retained earnings		3,094	2,793	2,999	2,739
Total equity		3,132	2,831	3,037	2,777

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £260,000 (2021: £684,000).

The notes on pages 22 to 29 are an integral part of these financial statements.

The financial statements on pages 11 to 29 were authorised for issue by the board of directors on 10 January 2023 and were signed on its behalf.

Dguest

Darren Guest
Managing Director
Company registration number: 03702599

Consolidated Statement of changes in equity for the year ended 30 April 2022

	Note	Called Up Share Capital £'000	Retained Earnings £'000	Total Equity £'000
Balance as at 1 May 2021	15	38	2,793	2,831
Profit for the financial year		-	301	301
Dividends		-	-	-
Balance as at 30 April 2022		38	3,094	3,132

Consolidated statement of changes in equity for the year ended 30 April 2021

	Note	Called Up Share Capital £'000	Retained Earnings £'000	Total Equity £'000
Balance as at 1 May 2020	15	38	2,069	2,107
Profit for the financial year		-	724	724
Dividends		-	-	-
Balance as at 30 April 2021		38	2,793	2,831

Company Statement of changes in equity for the year ended 30 April 2022

	Note	Called Up Share Capital £'000	Retained Earnings £'000	Total Equity £'000
Balance as at 1 May 2021	15	38	2,739	2,777
Profit for the financial year		-	260	260
Dividends		-	-	-
Balance as at 30 April 2022		38	2,999	3,037

Company statement of changes in equity for the year ended 30 April 2021

	Note	Called Up Share Capital £'000	Retained Earnings £'000	Total Equity £'000
Balance as at 1 May 2020	15	38	2,055	2,093
Profit for the financial year		-	684	684
Dividends		-	-	-
Balance as at 30 April 2021		38	2,739	2,777

Statement of consolidated cash flows for the year ended 30 April 2022

	Note	2022 £'000	2021 £'000
Net cash from operating activities	16	(991)	1,196
Taxation received / (paid)		23	2
Net cash generated from operating activities		(968)	1,198
Cash flow from investing activities			
Purchase of tangible and intangible assets		(1,897)	(114)
Net cash (used) in investing activities		(1,897)	(114)
Cash flow (used in) financing activities			
Decrease (increase) in short term loans		2,099	(898)
Increase in secured bank loans		890	-
Dividends paid		-	-
Interest received		13	13
Interest paid		(53)	(30)
Net cash (used in) financing activities		2,949	(915)
Net increase in cash and cash equivalents		84	169
Cash and cash equivalents at the beginning of the year		847	678
Cash and cash equivalents at the end of the year		931	847
Cash and cash equivalents consist of:			
Cash at bank and in hand		931	847

Statement of Accounting Policies for the year ended 30 April 2022

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 Apson House, Bullerthorpe Lane, Leeds, LS15 9JN.

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.

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.

Basis of consolidation

The consolidated financial statements incorporate those of 1st Locate (UK) Limited and its subsidiary Henriksen Limited (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 30 April 2022.

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

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

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.

Statement of Accounting Policies for the year ended 30 April 2022 (continued)

Useful economic lives of tangible 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 8 for the carrying amount of the property plant and equipment, and accounting policies for the useful economic lives for each class of assets.

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

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.

Statement of Accounting Policies for the year ended 30 April 2022 (continued)

Defined pension contribution plans (continued)

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.

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.

Certain of the activities of the company are eligible for the enhanced taxation reliefs available under the research and development tax regime. A tax asset is only recognised in respect of research and development tax credits when the amount can be reliably measured and receipt is considered probable, which is usually upon submission of the necessary tax return. Accordingly, the company at the balance sheet date may have entitlement to tax credits for which credit is not recognised in the balance sheet as the recognition criteria of the accounting policy have not been met.

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.

Goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years.

Statement of Accounting Policies for the year ended 30 April 2022 (continued)

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

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)/income.

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.

Statement of Accounting Policies for the year ended 30 April 2022 (continued)

Investment

Investments in Actius (International) Limited and Henriksen Limited are 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.

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when 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 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.

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.

**Statement of Accounting Policies for the year ended 30 April 2022
(continued)**

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.

Government Grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Notes to the Financial Statements for the year ended 30 April 2022

1. Turnover

Analysis of turnover by category

	2022 £'000	2021 £'000
Collection based Commissions	9,711	9,793
Other Sales	3,004	1,778
	12,715	11,571

All revenue is earned within the UK.

2. Operating profit

Operating profit is stated after charging (crediting):

	Note	2022 £'000	2021 £'000
Staff costs	3	7,747	7,311
Amortisation of goodwill	6	1	1
Amortisation of intangible assets	7	7	6
Depreciation of tangible assets	8	154	92
Operating lease charges		351	334
Audit fees payable to the company's auditors		19	18
Non-Audit services provided by company's auditors		3	3
Other Operating Income – Government grants		(24)	(584)

3. Employees and directors remuneration

	2022 £'000	2021 £'000
Wages and salaries	7,135	6,813
Social security costs	514	423
Other pension costs	98	75
Staff costs	7,747	7,311

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

By activity	2022 Number	2021 Number
Operational	251	237
Support	68	65
	319	302

Notes to the Financial Statements for the year ended 30 April 2022 (continued)

3. Employees and directors continued

	2022 £'000	2021 £'000
Directors		
The directors' emoluments were as follows:		
Aggregate remuneration	1,030	1,393

The highest paid director's emoluments were £720,000 (2021: £1,080,000).

4. Interest payable and similar expense and interest receivable and similar income

	2022 £'000	2021 £'000
Interest payable on other loans	(53)	(30)
Interest receivable - bank	13	13

5. Tax on profit

a. Tax charge included in profit or loss

	2022 £'000	2021 £'000
Current tax:		
Corporation tax on UK profits	10	168
Adjustment in respect of prior periods	(290)	(44)
Total current tax	(280)	124
Deferred tax:		
Origination and reversal of timing differences	40	(6)
Adjustment in respect of previous periods		-
Effect of changes in tax rates	22	-
Total deferred tax	62	(6)
Total tax charge included in profit and loss account	(218)	118

The prior period adjustments relate to research and development tax credits. As at 30 April 2022, no amounts have been recognised for enhanced research and development taxation credits for the year ended 30 April 2022. This is in accordance with the accounting policy, as the amounts cannot be reliably measured.

Notes to the Financial Statements for the year ended 30 April 2022 (continued)

b. Reconciliation of tax charge

Tax assessed for the year is lower (2020: higher) than the standard rate of corporation tax in the UK for the year ended 30 April 2021 of 19% (2020: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit before taxation	82	842
Profit multiplied by the standard rate of tax in the UK of 19% (2021: 19%)	16	160
Effects of:		
– Expenses not deductible for tax purposes	5	2
– Effect of change in corporation tax rate	22	-
– Adjustment in respect of prior years	(290)	(44)
– Depreciation on assets not qualifying for tax allowances	8	-
– Other tax adjustments	21	-
Tax charge for the year	(218)	118

Factors affecting current and future tax changes

The UK corporation tax rate was 19% throughout the year.

In the March 2021 Budget, a change to the future UK corporation tax rate was announced, indicating that the rate will increase to 25% from April 2023. Deferred tax balances at the reporting date are therefore measured at 25% (2021 - 19%).

6. Goodwill

	Goodwill £'000
At 1 May 2021	
Cost	8
Accumulated amortisation and impairment	(2)
Net book amount	6
Year ended 30 April 2022	
Opening net book amount	6
Additions	-
Amortisation	(1)
Closing net book amount	5
At 30 April 2022	
Cost	8
Accumulated amortisation and impairment	(3)
Net book amount	5

Goodwill is in respect of the acquisition of Henriksen Limited on 31 October 2017.

Notes to the Financial Statements for the year ended 30 April 2022 (continued)

7. Consolidated and Company Intangible assets

	Website development £'000
At 1 May 2021	
Cost	33
Accumulated amortisation and impairment	(19)
Net book amount	14
Year ended 30 April 2022	
Opening net book amount	14
Additions	-
Amortisation	(7)
Closing net book amount	7
At 30 April 2022	
Cost	33
Accumulated amortisation and impairment	(26)
Net book amount	7

8. Consolidated and Company Tangible assets

	Freehold Property £'000	Leasehold Improvements £'000	Fixtures and Fittings £'000	Computer Equipment £'000	Total £'000
At 1 May 2021					
Cost	-	67	140	378	585
Accumulated depreciation	-	(30)	(79)	(251)	(360)
Net book amount	-	37	61	127	225
Year ended 30 April 2022					
Opening net book amount	-	37	61	127	225
Additions	1,714	-	121	62	1,897
Depreciation	(33)	(7)	(29)	(86)	(154)
Closing net book amount	1,681	30	153	103	1,968
At 30 April 2022					
Cost	1,714	67	261	440	2,482
Accumulated depreciation	(33)	(37)	(108)	(337)	(514)
Net book amount	1,681	30	153	103	1,968

Notes to the Financial Statements for the year ended 30 April 2022 (continued)

9. Investments

	2022 £	2021 £
Net book Value at 1 May and 30 April	72,149	72,149
Analysed as:		
Actius (International) Limited		80
Henriksen Limited		72,069

An 80% shareholding is held in Actius (International) Limited which is a dormant company registered at Town Centre House, 1st Floor West Wing, The Merrion Centre, Leeds, West Yorkshire, LS2 8LY. A 100% shareholding is held in Henriksen Limited which is a trading company registered at Apson House, Bullerthorpe Lane, Leeds, LS15 9JN.

10. Debtors

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Trade Debtors	1,977	1,776	1,937	1,752
Other Debtors	137	163	97	124
Corporation Tax	2	-	23	-
Intercompany Debtors	-	-	37	34
Prepayments and accrued income	623	582	615	577
Short term Loan	-	2,099	-	2,099
	2,739	4,620	2,709	4,586

Trade debtors are stated after provisions for impairment of £13,000 (2021: £nil).

Short Term Loans comprises of factoring guaranteed against trade debtors.

11. Cash at bank and in hand

Group Cash at bank and in hand is £931,000 (2021: £847,000), Company Cash at bank and in hand is £804,000 (2021: £752,000). The entire balance is for corporate purposes. Cash held in client accounts is excluded.

Notes to the Financial Statements for the year ended 30 April 2022 (continued)

12.Creditors: amounts falling due within one year

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Trade creditors	476	479	467	481
Secured bank loan	98	-	98	-
Corporation tax	-	194	-	182
Other taxation and social security	556	798	566	796
Other creditors	63	57	67	60
Directors Loan Accounts	-	569	-	569
Accruals and deferred income	444	757	444	757
	1,637	2,854	1,642	2,845

Bank loans are secured against the assets of the company.

The company has one long term loan. The loan is a fixed term mortgage and interest is charged at a rate of 3%.

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

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Amounts falling due between one and five years				
Secured bank loan	792	-	792	-
Deferred tax provision	89	27	89	27
	881	27	881	27

The Group had deferred tax provisions on capital allowances of £61,713 (2021: £37,636).

Bank loans are secured against the assets of the company.

14.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 £98,511 (2021: £75,205).

Notes to the Financial Statements for the year ended 30 April 2022 (continued)

15. Called up share capital

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

	2022 £	2021 £
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		
Interim Dividends	-	-
Final Dividends	-	-
Total Dividends	-	-

16. Net cash from operating activities

	2022 £'000	2021 £'000
Profit for the financial year	301	724
Tax on profit	(218)	118
Net interest expenses	41	17
Operating profit	124	859
Depreciation of tangible assets	154	92
Amortisation of intangible assets	8	7
Working capital movements:		
– Increase in debtors	(217)	(339)
– (Decrease) increase in payables	(1,060)	577
Cash flow from operating activities	(991)	1,196

Notes to the Financial Statements for the year ended 30 April 2022 (continued)

17. Capital and other commitments

At 30 April 2022 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2022 £'000	2021 £'000
Payments Due		
Not Later than one year	295	319
Later than one year and not later than five years	440	687
Later than five years	-	43
	735	1,049

18. Related Party Transactions

The company has taken advantage of the disclosure exemptions of Section 33.1A of FRS 102 which permits it to not present details of its transactions with members of the group headed by 1st Locate (UK) Limited where relevant group companies are all wholly owned. Details of outstanding balances as at the year-end are given in notes 10 and 12.

At 30 April 2022 an amount of £8,740 was owed by Darren Guest (2021: £59,406) and an amount of £87,960 was owed by (2021: £568,678 owed to) Andrew Barclay.

19. Ultimate controlling Party

The ultimate controlling party is Mr A Barclay by virtue of his shareholding.

20. Parent company guarantee of subsidiaries

1st Locate (UK) Limited has, in accordance with s479C of the Companies Act 2006, provided a guarantee over the liabilities of its subsidiary, Henriksen Limited (company registration number 04850416; registered in England & Wales; registered office address Apson House, Bullerthorpe Lane, Leeds, LS15 9JN) which permits the subsidiary to not obtain an audit of their individual financial statements for the year ended 30 April 2022, in accordance with the exemptions conferred by s479A Companies Act 2006.