

Company Registration No. 05307808 (England and Wales)

CLARITY CREDIT MANAGEMENT SOLUTIONS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017
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CLARITY CREDIT MANAGEMENT SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	G Stran S Butterworth V Fandozzi
Company number	05307808
Registered office	Mercer & Hole Silbury Court 420 Silbury Boulevard Central Milton Keynes Buckinghamshire MK9 2AF
Auditor	Mercer & Hole Silbury Court 420 Silbury Boulevard Central Milton Keynes Buckinghamshire MK9 2AF
Bankers	Lloyds TSB Bank Plc 39 Threadneedle Street London EC2R 8AU
Solicitors	Eversheds LLP Callaghan Square Cardiff CF10 5BD

CLARITY CREDIT MANAGEMENT SOLUTIONS LIMITED

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CLARITY CREDIT MANAGEMENT SOLUTIONS LIMITED

BALANCE SHEET

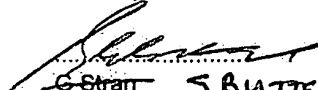
AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	3		10,106		27,606
Investments	4		-		399,733
			<u>10,106</u>		<u>427,339</u>
Current assets					
Debtors	5	71,095		78,738	
Cash at bank and in hand		84,285		136,079	
		<u>155,380</u>		<u>214,817</u>	
Creditors: amounts falling due within one year	6	<u>(122,936)</u>		<u>(234,619)</u>	
Net current assets/(liabilities)			<u>32,444</u>		<u>(19,802)</u>
Total assets less current liabilities			<u>42,550</u>		<u>407,537</u>
Creditors: amounts falling due after more than one year	7		(1,462,000)		(1,362,000)
Net liabilities			<u>(1,419,450)</u>		<u>(954,463)</u>
Capital and reserves					
Called up share capital	8	6,250,119		6,250,119	
Share premium account		860,499		860,499	
Profit and loss reserves		<u>(8,530,068)</u>		<u>(8,065,081)</u>	
Total equity			<u>(1,419,450)</u>		<u>(954,463)</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 21/12/17... and are signed on its behalf by:


S BUTTERWORTH
Director

Company Registration No. 05307808

CLARITY CREDIT MANAGEMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

Clarity Credit Management Solutions Limited is a private company limited by shares incorporated in England and Wales. The registered office is .

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2017 are the first financial statements of Clarity Credit Management Solutions Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

The board have had detailed and ongoing discussions on the future of the company and have prepared detailed forecasts to ensure that it can meet its day to day working capital requirements with the support of the ultimate parent company, Seven Mile Capital Partners Founders Fund LP.

1.3 Turnover

Income is recognised upon the invoicing to the client of fees associated with the collection of debt.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20% - 33% per annum
Computer equipment	20% - 33% per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

CLARITY CREDIT MANAGEMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

CLARITY CREDIT MANAGEMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

CLARITY CREDIT MANAGEMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 4 (2016 - 4).

CLARITY CREDIT MANAGEMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

3 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 April 2016 and 31 March 2017	294,975
Depreciation and impairment	
At 1 April 2016	267,369
Depreciation charged in the year	17,500
At 31 March 2017	284,869
Carrying amount	
At 31 March 2017	10,106
At 31 March 2016	27,606

4 Fixed asset investments

	2017 £	2016 £
Loans	-	399,733

CLARITY CREDIT MANAGEMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

4 Fixed asset investments

(Continued)

Movements in fixed asset investments

	Loans to group undertakings and participating interests £
Cost or valuation	
At 1 April 2016	399,733
Additions	100,000
At 31 March 2017	499,733
Impairment	
At 1 April 2016	-
Impairment losses	499,733
At 31 March 2017	499,733
Carrying amount	
At 31 March 2017	-
At 31 March 2016	399,733

The shares in the joint venture were fully impaired in the prior year accounts. The impairment being for £1,680,573.

5 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	30,878	37,605
Other debtors	40,217	41,133
	<u>71,095</u>	<u>78,738</u>

CLARITY CREDIT MANAGEMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

6 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	22,832	37,737
Amounts due to group undertakings and undertakings in which the company has a participating interest	8,400	9,831
Corporation tax	-	9,015
Other taxation and social security	11,644	23,395
Other creditors	80,060	154,641
	<u>122,936</u>	<u>234,619</u>

7 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Other creditors	<u>1,462,000</u>	<u>1,362,000</u>

8 Called up share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
6,250,000 A1 Ordinary shares of £1 each	6,250,000	6,250,000
10,122 A Ordinary shares of £0.01 each	101	101
1,785 B Ordinary shares of £0.01 each	18	18
	<u>6,250,119</u>	<u>6,250,119</u>

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Steve Robinson FCA.
The auditor was Mercer & Hole.

10 Parent company

The immediate parent undertaking of this company is Pall Mall Collections Limited.

The ultimate parent undertaking of this company is Seven Mile Capital Partners Founders Fund LP, incorporated in the United States.