

Zuto Limited

Annual Report and Financial Statements

Year Ended

30 June 2022

Company Number 05722976

THURSDAY



ABYXKDR7

A04

09/03/2023

#237

COMPANIES HOUSE

Zuto Limited

Company Information

Directors J S Wilkinson
R Dignan
C Slater
A Robison
J M Nicholson

Company secretary C J Basford

Registered number 05722976

Registered office Winterton House
Winterton Way
Macclesfield
Cheshire
SK11 0LP

Independent auditor BDO LLP
3 Hardman Street
Manchester
M3 3AT

Zuto Limited

Contents

	Page
Strategic Report	1 - 4
Directors' Report	5 - 6
Directors' Responsibilities Statement	7
Independent Auditor's Report	8 - 11
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 - 31

Zuto Limited

Strategic Report For the Year Ended 30 June 2022

Introduction

The Board presents its strategic report together with the audited financial statements for the year ended 30 June 2022.

Principal activities, review of business and future developments

The principal activity of the company is the provision of a marketplace that matches customers with the right lender and pre-approved car finance product in seconds.

Business review and future developments

Zuto entered the year with significant momentum, resulting from conscious decisions made through the preceding year and wider pandemic. These decisions primarily focused on i) the wellbeing of our Zutonites; and ii) a relentless growth mindset, best demonstrated through the continued development of the customer experience and maintaining our close and long-standing relationships with partners and lenders.

Whilst these principles had already proved themselves out through 2021 revenue and profitability performance, the real impact of these decisions is more fully reflected in the 2022 financial results. The business has long-operated in way whereby ultimate financial success is underpinned by a focus on people and a wider-purpose, and the Board is delighted that this has been recognised in Zuto's B Corp certification in April 2022 – demonstrating the continued commitment in the business towards making a difference.

Results

Overall turnover of £41.5m reflected year-on-year growth of +49% attributed primarily to i) significant enhancements to the customer journey increasing conversion rates; coupled with ii) customer volumes, buoyed by a burgeoning market. Growth was notably underpinned by strengthening unit economics such that gross margin improved +3%pts year-on-year, with gross profit of £19.4m reflecting 60% year-on-year growth. Overall EBITDA of £6.0m (an increase of £4.6m year-on-year) further demonstrates the scalability of the platform and associated levels of operating leverage, and this trend is continuing into the current financial year.

The Board remains cognisant of wider economic conditions and continues to closely monitor key prevailing trends; but remains encouraged by more specific market headwinds as well as current trading performance which continues to go from strength-to-strength - all supported by a growing balance sheet, where Jun-22 net assets were £11.5m.

Zutonites

Regardless of the specificities of our market and strength of current trading, there is undoubtedly a cost-of-living challenge to address, with inaction not considered a viable option given this is impacting lives right now. The Board recognises that this is a fluid situation that cannot be 'fixed' in one go, however actions to date regarding pay and reward reflect the resolve of the business to do the right thing by its Zutonites. This approach has continued into the current financial year with the rollout of discounted transport / parking rates and free expert financial advice available to all.

Ultimately the guiding principles adhered to through the pandemic served the business extremely well, resulting in strong financial performance despite external challenges, and to this extent it is considered that continuing to back our Zutonites remains the right thing to do, and in-line with our values.

Our investment in people has also entailed headcount, primarily across two areas: Firstly through the continued expansion of our Tech and Product functions, and secondly through the expansion of our talented team of Car Buying Experts. We see both areas as key to delivering an exceptional customer experience and ultimate drivers of conversion where i) our tech enables market leading integrations,

Zuto Limited

Strategic Report (continued) For the Year Ended 30 June 2022

lender matching and instant decisioning with guaranteed rates; and ii) human advice educates and supports the customer through the journey.

In order to fully tap into the potential of our investment in people, the Board remains resolute in best harnessing ways-of-working and unlocking the relative strengths of both office-based and remote working. Key investments in 2022 have included the expansion of the Manchester office and overhaul of the Macclesfield office, creating a welcoming and dynamic environment for all, and one that is set up for close collaboration within the offices, between offices and between the office and home. This represents just the start of our journey into better understanding and leveraging ways-of-working, with more to come in this area in the current financial year.

Customers and Partners

The Board is extremely pleased with the advances made across the customer experience, where the relative merits of an online and offline experience have been harnessed into a seamless and high-converting hybrid model. Our progress in this respect is undoubtedly reflected in the financial results, however we consider our customers themselves to be the greatest barometer of this – where we are extremely proud of our market leading feedback reflected on leading review platforms, where not just our average score, but the incredible number of reviews speaks volumes.

We continue to enjoy close and long-standing relationships with our partners across both automotive and financial marketplaces underpinned by i) market-leading customer-first treatment and conversion; ii) close collaboration in leveraging data to create deep and personalised offerings; and iii) rapid deployment of technology-driven features with our decision engines delivering pre-approval and real-time rates at scale. The strength of relationships also holds true across our panel of lenders where the Board considers Zuto's i) core marketplace scale; ii) market-leading compliance; iii) strength of data; and iv) high levels of automation as key competitive differentiators.

Whilst we continue to strive towards our purpose of *'transforming the car finance experience with simplicity and integrity'* the Board recognises the added value that Zuto can offer to our customers across complimentary areas - where customer feedback implies there is demand for more products to be integrated into the platform.

Compliance

Zuto's continued focus on trust and transparency is considered as increasingly pivotal in gaining traction in a market that is accelerating transacting online, and the Board remains pleased that years of strategic investment in systems and highly experienced Zutonites continue to cement Zuto's strength in this area.

With a strategy geared to 'cut through the noise' of difference in charge commission models, bringing fairness and transparency to our customers, Zuto was well ahead of the outputs of the January 2021 FCA Review of Motor Finance. Similarly the Board considers Zuto to be well prepared for further regulatory change in the form of the FCA-mandated New Consumer Duty, the implementation of which by July 2023 is similarly welcomed. Further from a governance perspective the Board is ensuring that the culture of compliance and wider rollout of the Duty is effectively maintained and delivered through the formation of a separate Compliance sub-committee.

Market

The used car finance market performed strongly through 2022, with volume and price growth both contributing to a resilient and growing market. The step-change in online penetration experienced during-and-post-pandemic continued into 2022 and is expected to represent a permanent shift, whereby customers recognise the immediacy, flexibility and transparency that a finance-first online journey provides.

Zuto Limited

Strategic Report (continued) For the Year Ended 30 June 2022

There are currently clear macro-economic factors in play of which the Board is conscious in developing its outlook of the market. As proven through the pandemic, Zuto's strategy of working closely with its partners and lenders to ensure supply and availability of finance options is key in continuing to help our customers through potentially challenging external conditions.

Whilst the market as a whole is facing a short-term recessionary dip, pressures at an overall vehicle transaction level are expected to be offset by an anticipated uptick in finance penetration - in particular when considering a typical Zuto customer where a car purchase is not discretionary, but a necessity. A further 'natural hedge' in Zuto's business model is represented by its offering of secured finance products, which are expected to gain market share from unsecured products over time given the asset-backed nature of the loan.

Outlook

The Board is extremely proud of the 2022 performance. Trading momentum out of the pandemic has not subsided, and a growth mindset remains prevalent across the business with current year financial performance giving confidence that headroom for growth remains significant despite wider external pressures (with records in monthly revenue and gross profit already achieved). Financial performance once again outpaces our Plan at both a revenue and profitability level.

The Board considers KPIs to be the level and growth of turnover, gross margin and EBITDA:

- Turnover £41.5m (2021 – £27.9m) (+49% year-on-year)
- Gross margin 46.8% (2021 – 43.4%)
- Earnings before interest, tax, depreciation, amortisation and exceptional items (Adjusted EBITDA) £5.9m (2021 - £1.4m)

	2022 (£'m)	2021 (£'m)
Net income	4.5	6.0
Add: Tax	0.4	(0.4)
Add: Interest	0.1	0.3
Add: Depreciation / amortisation	1.1	0.7
Less: Tech capitalisation	(0.2)	(0.5)
Add: Exceptionals	0.1	0.1
Less: Other operating income (VAT)	-	(4.8)
Adjusted EBITDA	6.0	1.4

The Board is delighted that the business continues to deliver customer-focused enhancements, bringing us closer to our purpose of transforming the used car finance market, however as a purpose-led company we continue to strive for more. We believe that putting i) our communities; ii) our planet; iii) diversity and inclusion; and iv) wellbeing at the forefront of our purpose is essential as we continue to redefine what success looks like for businesses. To this extent we have implemented a number of Zutonite-led impact groups focused around these four core areas, delivering change through focused initiatives. This financial year marked the opening of our 'Make a Difference' fund, and we have scaled up our donations to the fund in 2023 as we continue to support a number of grass-roots causes throughout Greater Manchester.

Principal risks and uncertainties

The Board considers the key risks to the business to be as follows. In each case, there is a defined process to identify, evaluate and manage the risks of the company.

Zuto Limited

Strategic Report (continued) For the Year Ended 30 June 2022

Macro-economic outlook

With our most recent trading performance continuing to reflect new records, and now far-exceeding 'pre-COVID' levels, the Board considers the business to have demonstrated significant resilience in response to downwards economic pressures, whereby the business has consistently grown both revenue and profits over recent years. The Board has considered the knock-on economic impacts of the crisis in Ukraine and does not regard these to represent a material risk to the trading performance of the business – in particular given the market dynamics specific to Zuto as outlined above. There is however, a recognised level of uncertainty given the speed of change in external factors including inflationary pressures and the cost-of-living crisis (which we have addressed through salary increases) and it is considered appropriate for there to be an element of associated risk considered in this respect.

Going concern

In adopting the going concern basis for preparing the financial statements, the Board has considered the company's business activities as well as the company's principal risks and uncertainties within the context of i) strength of current trading performance and cash position; ii) strength of the prevailing market outlook; and iii) the company's detailed financial plan and associated cash headroom projections. Robust sensitivity analysis has been performed on the company's financial plan to ensure that cash headroom would remain adequate under significant and sustained trading pressure. This has included reverse stress testing of cash projections and consideration of scenarios (that are for example far more severe than any historical period of COVID driven disruption), alongside assessing potential mitigating actions available to the company and their impact.

The mitigating actions considered primarily comprise actions within the control of the company such as the restructuring of our cost base and cessation of incremental spend, and largely exclude upside that is dependent on third parties – most notably the impact of any Government intervention, for example measures analogous to the Job Support Scheme as offered through the pandemic. The Board considers the work performed in this respect to be extremely thorough, providing confidence that the company could comfortably continue to trade and meet its liabilities as they fall due for a period greater than 12 months from the date of signing of these financial statements.

Disaster Recovery and business continuity

The company has an understandable reliance on its places of business, systems and people. The loss of key components could cause temporary disruption to business processes whilst the company implements its established and detailed disaster recovery plan, which includes a full remote working contingency.

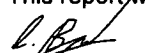
Regulatory risk

Legislation in all markets the company serves change on a regular basis. Potential changes may impact operational processes, requiring additional financial and human resources and further capital investment. The company closely and continuously monitors the FCA's areas of focus and has inbuilt KPIs and governance structures to ensure best practice is pervasive through all key business processes.

Net working capital

The company closely monitors its working capital, ensuring liabilities are met as they fall due. The Board routinely assesses the company's financial position and review against its ability to make debt repayments and meet liabilities.

This report was approved by order of the Board on 31/01/2023 and signed on its behalf


C J Basford
Secretary

Zuto Limited

Directors Report For the Year Ended 30 June 2022

Introduction

The directors present their report together with the audited financial statements for the year ended 30 June 2022. The comparatives are for the financial year ended 30 June 2021.

Results and dividends

The profit for the year before and after taxation respectively was £4,908,939 (2021 – £5,605,792) and £4,531,890 (2021 – £5,995,220).

No dividend was paid in either 2022 or 2021.

Matters covered in the strategic report

Details of the principal activities and future developments of the company are covered in the strategic report on pages 1 - 4 of these financial statements.

Directors

The directors who served during the year and up to the date of this report were:

J S Wilkinson

R Dignan

A Robison

C P Slater

J M Nicholson

Research and development activities

During the period, the company has incurred research and development expenditure of £279,664 (2021 - £486,291) which has been capitalised in the period (included within intangible assets, see note 12).

Disabled employees

The company always fully considers all employment applications by disabled persons, taking into account the aptitudes of the applicant concerned. In the event of an employee becoming disabled, every effort is made to ensure that their employment with us continues and that appropriate training is arranged. The company's policy is committed to ensuring training, career development and promotion of disabled persons should, as far as possible, be identical with that of fellow employees.

Zutonite involvement

Success at Zuto is to build something that we are all proud of, with a progressive culture that is inclusive, fuels creativity, and where all Zutonites share in the upside. We strongly believe successful employee engagement is underpinned by impactful and relatable company values. Our values are i) Customer > team > you; ii) There's always a better way; iii) Get it done; and iv) Enjoy the journey.

We strive to make our values pervasive across all we do, from the small day to day decisions to wider strategic considerations. The way we communicate our values reflects this – be that through regular employee communications across a variety of media, or through formalised office-wide events.

The directors continue to be proud of engagement levels across all Zutonites, which whilst demonstrated by regular employee surveys (which include the continuation of regular 'check-in' surveys as implemented during the COVID-19 lockdown period), are best demonstrated in the examples we see of Zutonites 'living and breathing' our values on a daily basis.

Zuto Limited

Directors Report (continued) For the Year Ended 30 June 2022

Directors' indemnities

Directors' and officers' insurance cover has been established for all directors to provide appropriate cover for their reasonable actions on behalf of the company. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2022 financial year and remain in force for all current and past directors of the company.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- So far as the director is aware, there is no relevant audit information of which the company and the company's auditor is unaware; and
- The director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the company's auditor is aware of that information.

Post statement of financial position events

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

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 31/01/2023 and signed on its behalf.



C J Basford
Secretary

Zuto Limited

Directors Responsibilities Statement For the Year Ended 30 June 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Zuto Limited

Independent Auditor's Report to the Members of Zuto Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of its 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.

We have audited the financial statements of Zuto Holdings Limited ("the Company") for the year ended 30 June 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, 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.

Zuto Limited

Independent Auditor's Report to the Members of Zuto Limited (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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 the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- 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; 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 Director's 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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

Zuto Limited

Independent Auditor's Report to the Members of Zuto Limited (continued)

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.

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

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:

Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Company accounting policies, the financial reporting framework and the UK Companies Act 2006, compliance with FCA requirements and those that relate to the payment of employees. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates as well as inappropriate revenue cut-off. Our audit procedures included, but were not limited to;

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates
- Revenue year end cut-off procedures
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, in particular any journals posted by senior management, privileged users or with unusual account combinations
- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Review of minutes of board meetings throughout the period, reviewing correspondence with regulators;
- We also performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- We considered completeness of related party transactions, and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Zuto Limited

Independent Auditor's Report to the Members of Zuto Limited (continued)

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.

DocuSigned by:
Julien Rye
657B95FCEE4B4FF...

Julien Rye (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

03 February 2023

Zuto Limited

Statement of Comprehensive Income For the Year Ended 30 June 2022

		2022	2021
	Note	£	£
Turnover	4	41,490,362	27,915,902
Cost of sales		(22,083,189)	(15,789,424)
Gross profit		19,407,173	12,126,478
Administrative expenses		(14,229,369)	(11,035,385)
Exceptional administrative expenses	5	(127,520)	(18,987)
Total administrative expenses	6	(14,356,889)	(11,054,372)
Other operating income	6	6,258	4,819,194
Total operating Profit		5,056,542	5,891,300
Interest payable and expenses	10	(147,603)	(285,508)
Profit before tax		4,908,939	5,605,792
Tax on Profit	11	(377,049)	389,428
Total comprehensive Income for the financial year		4,531,890	5,995,220

There was no other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 15 to 31 form part of these financial statements.

Zuto Limited

Registered number: 05722976
Statement of Financial Position
As at 30 June 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible assets	12		629,300		1,035,272
Tangible assets	13		556,003		581,026
Current assets			<u>1,185,303</u>		<u>1,616,298</u>
Stocks	14	106,214		9,406	
Debtors	15 & 16	6,542,386		4,486,309	
Cash at bank and in hand		14,197,023		10,924,148	
		<u>20,845,623</u>		<u>15,419,863</u>	
Creditors: amounts falling due within one year	17	<u>(9,132,316)</u>		<u>(7,582,704)</u>	
Net current assets			<u>11,713,307</u>		<u>7,837,159</u>
Total assets less current liabilities			<u>12,898,610</u>		<u>9,453,457</u>
Creditors: amounts falling due after more than one year	18		-		(552,359)
Provisions for liabilities					
Other provisions	20		<u>(1,393,103)</u>		<u>(1,927,481)</u>
Net assets			<u>11,505,507</u>		<u>6,973,617</u>
Capital and reserves					
Called up share capital	21		1,042		1,042
Share premium account	22		149,958		149,958
Profit and loss account	22		11,354,507		6,822,617
Total equity			<u>11,505,507</u>		<u>6,973,617</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 31/01/2023



J S Wilkinson
Director

The notes on pages 15 to 31 form part of these financial statements.

Zuto Limited

Statement of Changes in Equity For the Year Ended 30 June 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2021	1,042	149,958	6,822,617	6,973,617
Comprehensive income for the year				
Profit for the year	-	-	4,531,890	4,531,890
Total comprehensive income for the year	-	-	4,531,890	4,531,890
At 30 June 2022	1,042	149,958	11,354,507	11,505,507

Statement of Changes in Equity For the Year Ended 30 June 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2020	1,042	149,958	827,397	978,397
Comprehensive profit for the year				
Profit for the year	-	-	5,995,220	5,995,220
Total comprehensive profit for the year	-	-	5,995,220	5,995,220
At 30 June 2021	1,042	149,958	6,822,617	6,973,617

The notes on pages 15 to 31 form part of these financial statements.

Zuto Limited

Notes to the Financial Statements for the Year Ended June 2022

1. General information

Zuto Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The presentation currency of these financial statements is Sterling. All amounts in these financial statements have been rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3). The following principal accounting policies have been applied:

2.2 Going concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the company's business activities as well as the company's principal risks and uncertainties within the context of i) strength of current trading performance and cash position; ii) strength of the prevailing market outlook; and iii) the company's detailed financial plan and associated cash headroom projections. Robust sensitivity analysis has been performed on the company's financial plan to ensure that cash headroom would remain adequate under significant and sustained trading pressure, as outlined above.

The work performed gives the directors confidence that the company, after considering reasonably worse case downside scenarios could comfortably continue to trade and meet its liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements. For these reasons the financial statements have been prepared on a going concern basis.

2.3 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Zuto Holdings Limited as at 30 June 2022 and these financial statements may be obtained from Winterton House, Winterton Way, Macclesfield, Cheshire, SK11 0LP.

Zuto Limited
Notes to the Financial Statements for the Year Ended June 2022 (Continued)

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover comprises commissions receivable from lenders, and the resale of vehicles from third parties.

Turnover is recognised when the relevant deal has been completed, less any provisions for commissions that may need to be refunded based on the likelihood of early settlement, default or fraud. The provision for amounts refundable is based on the amount that can be reliably estimated to become repayable to lenders at the statement of financial position date.

2.5 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.6 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life.

Trademarks are amortised over a useful life of 10 years and website and development costs are amortised over a useful life of 3 years.

Zuto Limited
Notes to the Financial Statements for the Year Ended June 2022 (Continued)

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the year in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

- Hardware, software, fixtures and fittings: 3 years, straight line over useful economic life

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

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

2.12 Cash and cash equivalents

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

Zuto Limited

Notes to the Financial Statements for the Year Ended June 2022 (Continued)

2. Accounting policies (continued)

2.13 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

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

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

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

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

2.14 Creditors

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

Zuto Limited
Notes to the Financial Statements for the Year Ended June 2022 (Continued)

2. Accounting policies (continued)

2.15 Functional and presentational currency

The company's functional and presentation currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

2.16 Operating leases: Lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

2.18 Pensions

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.19 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

Zuto Limited

Notes to the Financial Statements for the Year Ended June 2022 (Continued)

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.22 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2.23 Government grants

The company received Coronavirus Job Retention Scheme (CJRS) support in the prior year. The company recognises CJRS on an accruals basis and records these amounts in the Statement of Comprehensive Income as other operating income. No government grants were received in the current year.

Zuto Limited

Notes to the Financial Statements for the Year Ended June 2022 (Continued)

2. Accounting policies (continued)

2.24 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which is 3 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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

The company makes certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are continually evaluated based on historical experience and various other factors that are believed to form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key sources of estimation that have a significant impact on the carrying value of assets and liabilities are discussed below:

Revenue recognition

In making an assessment of the fair value of revenue to be recognised, the directors make a provision for the amount of commission that may need to be refunded based on the likelihood of early settlement, fraud or default. The provision for amounts refundable is based on historic trends of commission levels that have been repaid to individual lenders over the last 5 years. A percentage is then estimated for each of the lenders based on these historic trends and this is applied to the level of commission received from each lender to date to estimate the amount that may become repayable to lenders at the reporting date. At the reporting date, this provision was £1,393,103 (2021 - £1,927,481). If the annual debit back assumption was to increase proportionally by 5.0%, this would result in a provision increase of £171,674 (2021: £119,842).

4. Turnover

The whole of the turnover is attributable to the principal activity of the company and arose solely within the United Kingdom.

5. Exceptional items

	2022	2021
	£	£
Non-recurring costs	<u>127,520</u>	<u>18,987</u>

Exceptional costs relate to non-recurring restructuring costs.

Zuto Limited

Notes to the Financial Statements for the Year Ended June 2022 (Continued)

6. Operating profit / (loss)

The operating profit / (loss) is stated after charging/(crediting):

	2022	2021
	£	£
Other income: VAT refund under PESM claim with HMRC	-	(4,749,362)
Other income: CJRS	-	(67,576)
Other income: Interest	(6,258)	(2,256)
Depreciation of tangible fixed assets	358,960	248,545
Amortisation of intangible assets including goodwill	693,227	399,036
Defined contribution pension cost	247,706	224,114
Operating lease rentals	<u>968,996</u>	<u>783,867</u>

During the prior year the company received confirmation of acceptance in relation to the claim with HMRC in respect of input tax recovery methodology. The amounts subsequently repaid by HMRC was £4.1m relating to historical VAT accounting periods from April 2014 to April 2020, which was all recognised within other operating income. On a like-for-like basis, the 2021 VAT would have been recognised within cost of sales £0.1m, admin expenses £0.5m and reserves £0.6m. The VAT recoverable relating to the current year of £1.1m has been recognised within the cost of sales (£1.2m) and admin expenses (-£0.1m).

7. Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	30,000	27,210
Fees payable to the company's auditor in respect of:		
Tax compliance services	-	-
Other taxation services	-	-
Valuation of D ordinary shares	<u>10,250</u>	<u>-</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£	£
Wages and salaries	13,937,312	10,356,350
Social security costs	1,466,560	1,020,823
Cost of defined contribution scheme	<u>273,282</u>	<u>224,114</u>
	<u>15,677,154</u>	<u>11,601,287</u>

Included within the amounts above is £279,664 (2021 - £486,291) which has been capitalised as intangible assets (see note 12).

Zuto Limited
Notes to the Financial Statements for the Year Ended June 2022 (Continued)

8. Employees (continued)

	2022	2021
	No.	No.
Sales	189	135
Administration	194	157
	<u>383</u>	<u>292</u>

9. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	356,803	407,637
Company contributions to defined contribution pension schemes	8,338	10,125
	<u>365,141</u>	<u>417,762</u>

During the year retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £252,350 (2021 - £258,083).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,350 (2021 - £7,515).

10. Interest payable and similar expenses

	2022	2021
	£	£
Bank interest payable	470	163
Intercompany interest payable	147,132	285,345
	<u>147,602</u>	<u>285,508</u>

Zuto Limited
Notes to the Financial Statements for the Year Ended June 2022 (Continued)

11. Taxation	2022	2021
	£	£
Corporation tax		
Current tax on Profit/(Loss) for the year	16,164	-
Adjustments in respect of previous periods	-	(249,599)
Total current tax	<u>16,164</u>	<u>(249,599)</u>
Deferred tax		
Origination and reversal of timing differences	367,167	(138,656)
Effect of tax rate change on opening balance	(6,282)	(1,173)
Adjustments in respect of previous periods	-	-
Total deferred tax	<u>360,885</u>	<u>(139,829)</u>
Taxation on Profit / (Loss) on ordinary activities	<u><u>377,049</u></u>	<u><u>(389,428)</u></u>

Zuto Limited
Notes to the Financial Statements for the Year Ended June 2022 (Continued)

11 Taxation (continued)

Factors affecting tax charge / (credit) for the year

	2022	2021
	£	£
Profit on ordinary activities before tax	<u>4,908,939</u>	<u>5,605,792</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	932,698	1,065,100
Effects of:		
Fixed asset differences	100,191	(23,579)
Expenses not deductible for tax purposes	3,413	(7,876)
Other permanent differences	(81,535)	(26,170)
Additional deduction for R&D expenditure	-	(265,380)
Group relief	(84,547)	-
Adjustments to tax charge in respect of previous periods	(14,353)	(249,599)
Deferred tax not recognised	(478,818)	(881,928)
Total tax (credit) for the year	<u><u>377,049</u></u>	<u><u>(389,432)</u></u>

Factors that may affect future tax charges

The company has unutilised tax losses of £nil (2021 - £3,821,190) available to offset against future taxable profits. This gives rise to a potential deferred tax asset of £nil (2021 - £742,097). Of this, a deferred tax asset of £nil (2021 - £371,048) has been recognised in relation to these losses. Whilst the substantially enacted rate of Corporation tax is 25% from April 2023, the company expects to utilise the majority of the losses in advance of this date and therefore an average rate of 19% (2021 - 20.5%) has been applied to calculate this amount.

Zuto Limited
Notes to the Financial Statements for the Year Ended June 2022 (Continued)

12. Intangible assets

	Trademarks	Website and Development expenditure	Total
	£	£	£
Cost			
At 1 July 2021	50,071	4,677,722	4,727,793
Additions	7,591	279,664	287,255
Disposal	(48,696)	(2,605,526)	(2,654,222)
At 30 June 2022	<u>8,966</u>	<u>2,351,860</u>	<u>2,360,826</u>
Amortisation			
At 1 July 2021	30,694	3,661,827	3,692,521
Charge for the year	21,917	671,310	693,227
Disposal	(48,696)	(2,605,526)	(2,654,222)
At 30 June 2022	<u>3,915</u>	<u>1,727,611</u>	<u>1,731,526</u>
Net book value			
At 30 June 2022	<u>5,051</u>	<u>624,249</u>	<u>629,300</u>
At 1 July 2021	<u>19,377</u>	<u>1,015,895</u>	<u>1,035,272</u>

Zuto Limited
Notes to the Financial Statements for the Year Ended June 2022 (Continued)

13. Tangible fixed assets

	Hardware, software, fixtures and fittings	Total
	£	£
Cost or valuation		
At 1 July 2021	2,191,666	2,191,666
Additions	440,820	440,820
Disposal	(1,612,136)	(1,612,136)
At 30 June 2022	<u>1,020,350</u>	<u>1,020,350</u>
Depreciation		
At 1 July 2021	1,610,640	1,610,640
Charge for the year	358,960	358,960
Disposals	(1,505,253)	(1,505,253)
At 30 June 2022	<u>464,347</u>	<u>464,347</u>
Net book value		
At 30 June 2022	<u>556,003</u>	<u>556,003</u>
At 30 June 2021	<u>581,026</u>	<u>581,026</u>

14. Stocks

	2022	2021
	£	£
Finished goods and goods for resale	<u>106,214</u>	<u>9,406</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

15. Debtors: amounts falling due within one year

	2022	2021
	£	£
Trade debtors	3,797,120	2,617,188
Other debtors	1,639,040	624,403
Prepayments and accrued income	646,259	557,898
Deferred taxation	<u>57,945</u>	<u>418,830</u>
	<u>6,140,364</u>	<u>4,218,319</u>

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £132,881 (2021 - £104,435). Trade debtors are stated net of provision for bad debts of £181,647 (2021 - £122,936).

Zuto Limited
Notes to the Financial Statements for the Year Ended June 2022 (Continued)

16. Debtors: amounts falling due after one year

	2022	2021
	£	£
Director's Loan Account	303,413	202,256
Corporation tax	98,609	65,734
	<u>402,022</u>	<u>267,990</u>

Interest on the Director's Loan Account is accruing at the HMRC official rate of interest (currently 2.25%), payable to the Company on each anniversary of the agreement date. The amount is repayable in 2025.

17. Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank overdrafts	1,180,496	652,236
Trade creditors	2,168,011	1,282,612
Amounts owed to group undertakings	569,694	1,561,310
Other taxation and social security	711,868	556,829
Corporation tax	49,040	65,733
Other creditors	1,954,678	456,811
Accruals and deferred income	<u>2,498,529</u>	<u>3,007,173</u>
	<u>9,132,316</u>	<u>7,582,704</u>

The bank overdrafts are secured by a floating charge over the assets of the company.

Amounts owed to group undertakings are not secured and are repayable by 31 October 2022. Interest is charged at the rate of 10.5%.

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

	2022	2021
	£	£
Amounts owed to group undertakings	<u>-</u>	<u>552,359</u>

Amounts due to group undertakings are not secured and are repayable by 31 October 2022. Interest is charged at the rate of 10.5%.

Zuto Limited
Notes to the Financial Statements for the Year Ended June 2022 (Continued)

19. Deferred taxation

	2022 £
At beginning of year	418,830
Charged to profit or loss	<u>(360,885)</u>
At end of year	<u>57,945</u>

The deferred tax asset is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	16,809	24,101
Short term timing differences	41,136	23,681
Losses and other deductions	<u>-</u>	<u>371,048</u>
	<u>57,945</u>	<u>418,830</u>

20. Provisions

	Provisions £
At 1 July 2021	1,927,481
Charged to profit or loss	3,433,483
Utilised	<u>(3,967,861)</u>
At 30 June 2022	<u>1,393,103</u>

The entire provision relates to commission that may need to be refunded based on the likelihood of early settlement, fraud or default. The provision for amounts refundable is based on historic trends of commission levels that have been repaid to individual lenders over the last 5 years.

21. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1,042 ordinary shares of £1 each	<u>1,042</u>	<u>1,042</u>

Zuto Limited
Notes to the Financial Statements for the Year Ended June 2022 (Continued)

22. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

23. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £247,706 (2021 - £185,202). Contributions amounting to £50,453 (2021 - £31,677) were payable to the fund at period end and are included in creditors.

24. Commitments under operating leases

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

	2022	2021
	£	£
Not later than 1 year	801,049	317,434
Later than 1 year and not later than 5 years	<u>1,220,856</u>	<u>-</u>
	<u><u>2,021,905</u></u>	<u><u>317,434</u></u>

Zuto Limited
Notes to the Financial Statements for the Year Ended June 2022 (Continued)

25. Related party transactions

The company is a wholly owned subsidiary of Zuto Holdings Limited and has taken advantage of the exemption conferred by Section 33.1A of FRS 102 not to disclose transactions with Zuto Holdings Limited or other wholly owned subsidiaries within the company.

	2022 £	2022 £	2021 £	2021 £
	Purchases	Creditor	Purchases	Creditor
TotallyMoney Limited	205,864	18,917	74,340	-
SEP IV LP	7,200	-	14,400	7,200
	213,064	18,917	88,740	7,200

The nature of the relationship that the company enjoys with TotallyMoney Limited is in relation to marketing activity by virtue of common shareholding.

The nature of the relationship that the company enjoys with Gudtouch Limited is in relation to consultancy activity by virtue of common shareholding.

The nature of the relationship that the company enjoys with SEP IV LP is in relation to monitoring services connected with their shareholding in the holding company.

Directors Loan Account

	2022 £	2021 £
	Debtor	Debtor
James Wilkinson	303,413	202,256
	303,413	202,256

The nature of the transaction with directors is in relation to a long term personal loan to James Wilkinson. Interest accruing at the HMRC official rate of interest (currently 2.25%), payable to the Company on each anniversary of the agreement date. The maximum outstanding during the year was £303,413.

26. Controlling party

The company is a wholly owned subsidiary of Zuto Holdings Limited, incorporated in the United Kingdom. The results of the company are consolidated into this group. The consolidated accounts are available from the company secretary, Winterton House, Winterton Way, Macclesfield, Cheshire, SK11 0LP.