

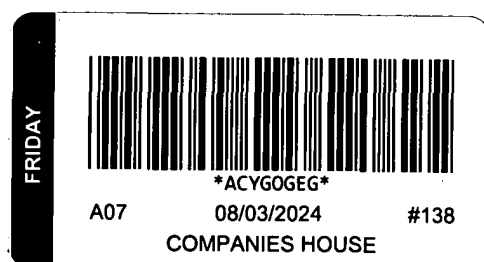
Zuto Limited

Annual Report and Financial Statements

Year Ended

30 June 2023

Company Number 05722976



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 - 5
Directors' Report	6 - 7
Directors' Responsibilities Statement	7
Independent Auditor's Report	8 - 12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Notes to the Financial Statements	16 - 33

Zuto Limited

Strategic Report For the Year Ended 30 June 2023

Introduction

The Board presents its strategic report together with the audited financial statements for the year ended 30 June 2023.

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. The Company also offers its customers the option the purchase products ancillary to the core finance offering, for example Warranties.

Business review and future developments

The car finance market continues to both grow and evolve. Zuto also continued to grow and evolve through 2023: Growing its people, operations and routes to market; and evolving both its core customer proposition as demand for finance first online journeys accelerates, as well as with regards to exciting new and adjacent products for the first time.

The Board is delighted with the progress that the Company has made in this regard in 2023, and equally so with the impact made towards achieving a wider-purpose and making a difference in our first full year as a certified B Corp.

Results

Overall, turnover of £49m reflected year-on-year growth of +18%, and once again this has been driven by continued growth of both customer volumes and increasing conversion rates. These impacts were bolstered in 2023 through i) further evolution of our dealer proposition, providing highly qualified online customer-flow to our trusted network; and ii) the launch of a highly competitive warranty product, offering significant value to our customers. The growth in unit economics at a revenue level has enabled further profitable scale in our marketing activities such that our record customer volumes and revenue also equated to record levels of gross profit (£23m), representing +£3m year-on-year growth. Overall Adjusted EBITDA of £7.0m, whilst reflecting a record also reflects the continued consideration of the welfare of our Zutonites and continued investment in headcount / maintaining appropriate levels of remuneration.

Whilst the car finance market continues to perform strongly, the ability of the business to deliver this result against a background of wider macro-economic pressures gives the Board confidence in the scalability of the business model, in particular given that significant opportunity remains to improve efficiency further, and as customer demand continues to grow.

Zutonites

Whilst the Board considers the delivery of both revenue and profitability growth against the backdrop of wider macro-economic challenges to be reflective of the robustness of our market; this is also as a result of the continued investment in our people, and their collective efforts and output. Our Zutonites continue to innovate and collaborate to drive the business forward, and to this extent we continue to ensure that the business is continuing to support its people from a pay-and-reward and benefits perspective, further details of which are set out on page 5.

Customers and Partners

The customer proposition has deepened significantly in 2023, underpinned by i) enhancements to the online customer onboarding process; ii) expansion of our core product offering; and iii) diversification into ancillary products. We have been customer-led in our decision to focus on warranties as the first ancillary product offering, ahead of launching further ancillary products. Accordingly, the provision of certainty for customers at a time where unforeseen outgoings on vehicle repairs are particularly unpalatable, has been reflected in the rapid acceleration in warranty penetration. This is further supported by the value of our offering being very competitive in the market. Whilst the enhancements to the customer experience are primarily evident through our revenue and gross profit generation, we have also leveraged automation at key parts of the customer journey, unlocking further efficiencies at

Zuto Limited

Strategic Report For the Year Ended 30 June 2023

an operating leverage level. This is an area we continue to explore, harnessing automation as complementary to our people, allowing them to maximise time helping the customer in the core areas of fulfilment. 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 realtime 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. Our core purpose remains to 'transform the car finance experience with simplicity and integrity' and the Board continues to be very pleased with the progress in this regard. The opportunity however to expand our purpose to areas adjacent to the core finance offering is extremely exciting, in particular given the launch of warranties in 2023. We continue to be guided by our customers in this regard.

Compliance

Zuto's continued focus on trust and transparency is considered as increasingly pivotal in gaining traction in a market that is accelerating 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.

The Board welcomes further change in the form of the FCA-mandated New Consumer Duty which was implemented in July 2023, with the business being well prepared for these changes. Further, the Board continues to embed, maintain and build upon Zuto's Compliance culture top-down through a separate Compliance sub-committee.

Market

The used car finance market continues to perform strongly, demonstrating a strong resilience to wider economic conditions, with volume having now recovered to pre-pandemic levels and values continuing to grow. We expect prices and associated advances to remain strong, with levels of demand continuing to accelerate as appetite for finance grows – in particular given that a typical Zuto customer is purchasing a car out of necessity. Through our broad-and-expanding range of both lenders and products, our market-leading lender integrations and instant decision making, and dedicated fulfilment model that our Car Buying Experts provide, Zuto will continue to ensure that our customers are supported from start-to-finish through these potentially challenging conditions.

Outlook

The Board remains extremely proud of Zuto's performance - 2023 built upon the already strong top and bottom-line momentum of prior periods, with planned initiatives driving growth across funnel conversions and unit economics, as well as delivering cost efficiencies. Performance into 2024 remains strong with significant opportunity for further growth across all key metrics and the market poised for further growth as the acceleration towards online finance-first models continues.

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

- Turnover £49.1m (2022 – £41.5m) (+18% year-on-year)
- Gross margin 46.1% (2022 – 46.8%)
- Earnings before interest, tax, exceptionals, capitalised development expense, depreciation, and amortisation (Adjusted EBITDA) £7.0m (2022 - £6.0m)

Zuto Limited

Strategic Report For the Year Ended 30 June 2023

	2023 (£'m)	2022 (£'m)
Net income	5.4	4.3
Add: Tax	0.5	0.4
Add: Interest	0.5	0.3
Add: Depreciation / amortisation	0.8	1.2
Less: Tech capitalisation	(0.7)	(0.3)
Add: Exceptionals	1.0	0.1
Adjusted EBITDA	7.5	6.0

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.

Macro-economic outlook

Given the consistent trend of growth in revenue and profits throughout the challenging macro-economic events of the last few years, the Board considers the Company to have demonstrated significant resilience in response to downwards economic pressures. The Board recognises however that economic challenges remain, and despite the financial strength of the business, robust sensitivity analysis has been applied to financial projections, providing the Board with confidence that none of these external factors represent a material risk.

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) 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 downside 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 fall mainly within the control of the Company. These include the restructuring of our cost base and cessation of incremental spend, and largely exclude upside that is dependent on third parties. 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 of at least 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.

Zuto Limited

Strategic Report For the Year Ended 30 June 2023

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.

Section 172(1) Statement

The Board of Directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006. We believe that putting our i) communities; ii) planet; iii) Zutonites; and iv) Business Relationships at the forefront of our purpose is essential as we continue to redefine what success looks like for businesses. The paragraphs below outline how the Directors have fulfilled their duties with reference to these areas, as well as with regards to wider business relationships:

Governance

The Board is provided with regular key operational, market, financial and compliance data throughout the year as well as narrative from key stakeholders in the Leadership Team. This data and narrative forms the basis for regular Board meetings with these key stakeholders, where the Directors discuss key metrics as well as challenge and support the Leadership Team with regards to key decisions.

Board interaction with the wider business is not restricted to these regular Board meetings and separately sub-committees have been formed with regards to i) Compliance; ii) Remuneration; and iii) the statutory audit of our financial statements.

Communities

Zuto has continued to support grassroots Groups across Greater Manchester through its donations and fundraising activities with Forever Manchester, with our donations in 2023 doubling from those in 2022. We're extremely proud of the high level of engagement with our Zutonites, who participate as part of a 'Community Impact Panel' responsible for selecting which initiatives will be supported. Separately in 2023 our communities working Company introduced the 'Zudonate' programme, whereby Zutonites can apply for support towards community projects they are personally involved with (e.g. fundraising for charities, team / equipment sponsorship etc). Further 2023 has comprised a wide use of our charity-days, where one day is gifted to every Zutonite to volunteer in support of a diverse range of causes.

Planet

The Company continues to work towards energy and carbon reduction arising from its activities, through for example i) promotion of recycling and use of sustainable materials where possible, including consideration of reusing and repairing hardware; ii) consideration of energy consumption, through both regulating use, more efficient lighting and exploring enhancing the green credentials of our buildings; and iii) reviewing our internal travel policy to reduce carbon-heavy means of travel.

Zutonites

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, for example engagement surveys, formalised office-wide events, and our 'Voice of Zuto' Impact Groups.

Our Zutonite feedback in addition to thorough benchmarking and review of our benefits package has informed continued improvement to our employer proposition, where we consider support of our people both in the workplace and at home to be paramount, in a way that's easy to understand and inclusive.

Zuto Limited

Strategic Report For the Year Ended 30 June 2023

As an example, 2023 incorporated i) the rollout of discounted transport / parking; ii) free expert financial advice; iii) significant enhancements to our family friendly benefits scheme including revisions to our fertility, menopause and transition / change of expression policies; and iv) a continued commitment to the Real Living Wage.

Business Relationships

The customer sits at the heart of our values, and the Board is delighted with the progress made within our customer proposition, as well as the deep and long-lasting partner and lender relationships that the business holds, as highlighted on page 1.

Customers

Behind taking a mortgage, buying a car is likely to be the second biggest purchase we make, and we know that our customers rely on their cars to get to work, take their children to school, take elderly relatives out at the weekend, the list goes on. Delivering an outstanding customer journey is at the forefront of everything we do, and we're constantly looking to find better ways of improving the experience and offering everything our customers need to finance their car.

Lenders

Working with our growing panel of automotive lenders, we have researched and launched additional products to help provide an easy to manage package to support everything a customer needs for their car ownership. We have welcomed new products to our lending panel, whilst increasing our offerings helping our customers pick the most suitable option for them and their personal profile. At the same time as increasing our product offering, we are also optimising our digital experience, this work is iterative and ever improving but we're continuing to make good improvements to our online journey. Using test and learn, we're relentless on our mission to build a smooth and frictionless online experience that we know will improve our customer experience.

Partners

Our relationships with our partners across both automotive and financial marketplaces are strong and long-lasting and based upon combined values across customer outcomes; data-led decision making, and utilisation of best-in-class technologies.

Key decisions


For the key decisions made during the year, we set out below the way in which the interests of key stakeholder groups were considered:

Launch of warranties:

As part of our 2023 strategic planning process the Board engaged with the Leadership Team at an early stage in determining that there were ancillary products, complementary to the core finance offering that our customers could greatly benefit from. We engaged with our customers to understand where demand was most concentrated and to that end decided on warranties. The selection of our chosen warranty provider was performed on the basis of maximising customer outcome, ensuring that uphold rates and value to the customer were strong, and we monitor key metrics with our warranty partner on an ongoing basis in this regard. Our warranty strategy was communicated to our Zutonites at an early stage and this enabled the business to rapidly scale the product in mission-focused working groups. The Board as well as the wider business are updated regularly on performance, be that in the form of routine Board reporting or weekly trading and mission discussions.

This report was approved by order of the Board on 26-Jan-24 and signed on its behalf

C J Basford
Secretary

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Zuto Limited

Directors Report For the Year Ended 30 June 2023

Introduction

The Directors present their report together with the audited financial statements for the year ended 30 June 2023. The comparatives are for the financial year ended 30 June 2022.

Results and dividends

The profit for the year before and after taxation respectively was £5,854,397 (2022 – £4,908,939) and £5,375,117 (2022 – £4,531,890).

No dividend was paid in either 2023 or 2022.

Matters covered in the strategic report

Details of the principal activities, future developments and environmental performance of the Company are covered in the strategic report on pages 1 - 3 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 £728,911 (2022 - £279,664) 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

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) are best demonstrated in the examples we see of Zutonites 'living and breathing' our values on a daily basis.

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.

Energy consumption and emissions reporting for the year ended 30 June 2023

Further to ensuring that basic environmental management systems are in place, as a business we are always striving to do more. Under the 'Companies (Directors' report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018', the Company is required to report its UK energy use and associated greenhouse gas (GHG) emissions. Calculations have been made for the reporting of UK energy use, in relation to three scopes as defined by the GHG Protocol:

- Scope 1- Combustion of gas and fuels for transport
- Scope 2- Purchased electricity and gas

Zuto Limited

Directors Report For the Year Ended 30 June 2023

- Scope 3- Transport

The methodology uses the '2021 Government Greenhouse Gas Conversion Factors for Company Reporting' to calculate emissions for the Company. This is the first year that the Company must provide reporting figures for.

Emission Type	Units	2023	Scope
Electricity	kWh	369,052	2
Gas	kWh	44,615	2
Mileage	kWh	7,446	3

GHG emission results

Emissions Category	Units	2023
Scope 1	tCO2e	-
Scope 2	tCO2e	85.66
Scope 3	tCO2e	1.54
Total Scope 1,2,3	tCO2e	87.20
Total gross GHG emissions per unit turnover (tCO2e/£M)		1.78

Data Records and Methodology

The report on the Company's emissions was prepared internally using property data. Electricity and natural gas emissions have been calculated using metered kWh consumption data taken from supplier fiscal invoices where available. For leased sites, electricity charges were converted to kWh using standard unit rates. Associated GHG emissions have been calculated from energy consumption data using factors published by BEIS in 2020. Transport emissions have been calculated against mileage expense data. Vehicle information is not held against each mileage expense claim, therefore average UK split between petrol and diesel was used to determine the fuel split of the transport fleet in mileage claims. Mileage of petrol and diesel vehicle has been converted into energy and GHG emissions using factors published by BEIS in 2020.

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.

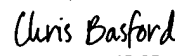
Auditor

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

26-Jan-24

and signed on its behalf.


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C J Basford
Secretary

Zuto Limited

Directors Responsibilities Statement For the Year Ended 30 June 2023

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;
- state whether application UK Accounting Standards have been followed, subject to any material departures and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Zuto Holdings Limited
Independent Auditor's Report to the Members of Zuto Holdings Limited
For the Year Ended 30 June 2023

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 2023 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 Limited ("the Company") for the year ended 30 June 2023 which comprise statement of comprehensive income, statement of financial position, statement of changes in equity 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 Holdings Limited
Independent Auditor's Report to the Members of Zuto Holdings Limited
For the Year Ended 30 June 2023

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 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 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 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.

Zuto Holdings Limited
Independent Auditor's Report to the Members of Zuto Holdings Limited
For the Year Ended 30 June 2023

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be FRS 102 (UK GAAP), the Companies Act 2006, UK tax legislation and compliance with FCA requirements.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be GDPR, the health and safety legislation and the Bribery Act 2010.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations.
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations.
- Review of financial statement disclosures and agreeing to supporting documentation.
- Involvement of tax specialists in the audit.
- Review of legal expenditure accounts to understand the nature of expenditure incurred

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud.

Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the area's most susceptible to fraud to be revenue cut off and management override of controls.

Our procedures in respect of the above included:

Zuto Limited
Independent Auditor's Report to the Members of Zuto Limited
For the Year Ended 30 June 2023

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by the management for bias such as warrants valuation, debit back provision; and
- Testing a sample of revenue transactions within a specified cut off window around the year end to determine if the appropriate recognition criteria has been met and revenue has been recognised in the correct period.


We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

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:

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Muhammad Sharif (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK

Date: 26 January 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Zuto Limited

Statement of Comprehensive Income For the Year Ended 30 June 2023

		2023	2022
	Note	£	£
Turnover	4	49,050,988	41,490,362
Cost of sales		(26,456,548)	(22,083,189)
Gross profit		22,594,440	19,407,173
Administrative expenses		(15,847,862)	(14,229,369)
Exceptional administrative expenses	5	(891,435)	(127,520)
Total administrative expenses		(16,739,297)	(14,356,889)
Other operating income	6	11,372	6,258
Total operating Profit		5,866,515	5,056,542
Interest payable and expenses	10	(12,118)	(147,603)
Profit before tax		5,854,397	4,908,939
Tax on Profit	11	(479,280)	(377,049)
Total comprehensive Income for the financial year		5,375,117	4,531,890

There was no other comprehensive income for 2023 (2022 - £Nil).

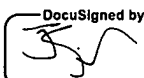
The notes on pages 16 to 33 form part of these financial statements.

Zuto Limited

Registered number: 05722976
Statement of Financial Position
As at 30 June 2023

		2023	2023	2022	2022
	Note	£	£	£	£
Fixed assets					
Intangible assets	12		928,077		629,300
Tangible assets	13		405,472		556,003
Current assets			<u>1,333,549</u>		<u>1,185,303</u>
Stocks	14	428,533		106,214	
Debtors	15 & 16	6,454,548		6,542,386	
Cash at bank and in hand		20,512,824		14,197,023	
		<u>27,395,905</u>		<u>20,845,623</u>	
Creditors: amounts falling due within one year	17	<u>(10,565,879)</u>		<u>(9,132,316)</u>	
Net current assets			16,830,026		11,713,307
Total assets less current liabilities			<u>18,163,575</u>		<u>12,898,610</u>
Provisions for liabilities					
Other provisions	19		<u>(1,282,950)</u>		<u>(1,393,103)</u>
Net assets			<u>16,880,625</u>		<u>11,505,507</u>
Capital and reserves					
Called up share capital	20		1,042		1,042
Share premium account	21		149,958		149,958
Profit and loss account	21		16,729,624		11,354,507
Total equity			<u>16,880,624</u>		<u>11,505,507</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26-Jan-24

DocuSigned by:

46F8C97053A1430...
J S Wilkinson

Director

The notes on pages 16 to 33 form part of these financial statements.

Zuto Limited

Statement of Changes in Equity For the Year Ended 30 June 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2022	1,042	149,958	11,354,507	11,505,507
Profit for the year	-	-	5,375,117	5,375,117
Total comprehensive income for the year	-	-	5,375,117	5,375,117
At 30 June 2023	1,042	149,958	16,729,624	16,880,624

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
Profit for the year	-	-	4,531,890	4,531,890
Total comprehensive profit for the year	-	-	4,531,890	4,531,890
At 30 June 2022	1,042	149,958	11,354,507	11,505,507

The notes on pages 16 to 33 form part of these financial statements.

Zuto Limited

Notes to the Financial Statements for the Year Ended June 2023

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 2023 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 2023 (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 value added tax and other sales taxes.

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

Turnover is recognised when the relevant deal has been completed, less any provisions for debit backs 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 2023 (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 consist of pre-owned vehicles which the Company has taken ownership of. Stocks is stated at lower of cost and net realisable value. Net realisable value is valued based on estimated selling prices, less further costs expected to be incurred in the sale/disposal of the vehicles.

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 2023 (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 2023 (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.

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.

Zuto Limited

Notes to the Financial Statements for the Year Ended June 2023 (Continued)

2. Accounting policies (continued)

2.20 Current and deferred taxation (cont.)

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

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

These relate to non recurring restructuring costs and consultancy services for external projects.

2.23 Research and development

Expenditure on the research phase of projects to develop new customised software for IT is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the software and;
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Zuto Limited**Notes to the Financial Statements for the Year Ended June 2023 (Continued)****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:

Debit Back Provision

The Company holds contracts with finance lenders from whom a commission is received for the brokerage of deals between customers and the lenders themselves. In certain instances a contractual obligation exists for the commission to be refunded or "debited back" (examples of such instances include early settlements, defaults or detection of fraud). This provision is based on historical trends of commission levels that have been repaid to individual lenders over a timeframe considered as representative for each lender. This is expressed as a percentage, and applied to the associated commissions by lender to estimate the amount that may become repayable to lenders at the reporting date (less any amounts already debited back). At the reporting date, this provision was £1,282,950 (2022 - £1,393,103).

Intangible Fixed 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. The assets are assessed for impairment at the end of each financial year. An impairment review is performed at the reporting date, which requires estimation of the value of future benefit to be derived from the assets. No impairment has been identified at the reporting date.

4. Turnover

The whole of the turnover arose solely within the United Kingdom. The split of turnover can be found below;

	2023	2022
	£	£
Commissions received	44,437,113	39,807,263
Ancillary Products	1,998,771	21,415
Other Revenue	2,615,104	1,661,684
	49,050,988	41,490,362

Zuto Limited**Notes to the Financial Statements for the Year Ended June 2023 (Continued)****5. Exceptional items**

	2023	2022
	£	£
Non-recurring costs	<u>891,435</u>	<u>127,520</u>

Exceptional costs relate to non-recurring restructuring costs & consultancy fees in regards to external projects.

6. Operating profit

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

	2023	2022
	£	£
Other income: Interest	(11,372)	(6,258)
Depreciation of tangible fixed assets	278,318	358,960
Amortisation of intangible assets including goodwill	430,134	693,227
Defined contribution pension cost	258,564	247,706
Operating lease rentals	<u>1,077,692</u>	<u>968,996</u>

7. Auditor's remuneration

	2023	2022
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	37,800	30,000
Fees payable to the Company's auditor in respect of:		
Other tax services	16,000	-
Valuation of D ordinary shares	<u>-</u>	<u>10,250</u>

8. Employees

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

	2023	2022
	£	£
Wages and salaries	16,010,528	13,937,312
Social security costs	1,682,872	1,466,560
Cost of defined contribution scheme	<u>258,564</u>	<u>273,282</u>
	<u>17,951,964</u>	<u>15,677,154</u>

Included within the amounts above is £728,911 (2022 - £279,664) which has been capitalised as intangible assets (see note 12).

Zuto Limited**Notes to the Financial Statements for the Year Ended June 2023 (Continued)****8. Employees (continued)**

	2023	2022
	No.	No.
Sales	206	189
Administration	208	194
	414	383

9. Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	412,389	356,803
Company contributions to defined contribution pension schemes	8,400	8,338
	420,789	365,141

During the year retirement benefits were accruing to 2 directors (2022 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £286,471 (2022 - £252,350).

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 (2022 - £7,350).

10. Interest payable and similar expenses

	2023	2022
	£	£
Bank interest payable	-	470
InterCompany interest payable	12,118	147,133
	12,118	147,603

Zuto Limited**Notes to the Financial Statements for the Year Ended June 2023 (Continued)**

11. Taxation	2023 £	2022 £
Corporation tax		
Current tax on Profit for the year	437,081	16,164
Adjustments in respect of previous periods	-	-
Total current tax	437,081	16,164
Deferred tax		
Origination and reversal of timing differences	42,199	367,167
Effect of tax rate change on opening balance	-	(6,282)
Adjustments in respect of previous periods	-	-
Total deferred tax	42,199	360,885
Taxation on Profit on ordinary activities	479,280	377,049

Zuto Limited**Notes to the Financial Statements for the Year Ended June 2023 (Continued)****11 Taxation (continued)**

Factors affecting tax charge for the year

	2023	2022
	£	£
Profit on ordinary activities before tax	<u>5,854,397</u>	<u>4,908,939</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2022 - 19%)	1,200,151	1,112,335
Effects of:		
Fixed asset differences	(6,346)	100,191
Expenses not deductible for tax purposes	179,976	3,413
Research & Development Credits	(460,906)	(81,535)
Effects of tax rate changes	2,090	-
Group relief	(105,900)	(84,547)
Adjustments to tax charge in respect of previous periods	(11,924)	(14,353)
Deferred tax not recognised	(317,861)	(478,818)
Total tax charge for the year	<u><u>479,280</u></u>	<u><u>556,686</u></u>

Factors that may affect future tax charges

On 24 May 2021 changes to the UK corporation tax rates were enacted with an increase to the corporation tax rate to 25% with effect from 1 April 2023.

Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in this financial statements.

During the year, the Company has utilised tax losses of £1,550k on which deferred tax was not previously recognised. The Company has unutilised tax losses of £nil (2022 - £1,550k) available to offset against future taxable profits.

Zuto Limited**Notes to the Financial Statements for the Year Ended June 2023 (Continued)****12. Intangible assets**

	Trademarks	Website and Development expenditure	Total
	£	£	£
Cost			
At 1 July 2022	8,966	2,351,860	2,360,826
Additions	-	728,911	728,911
Disposal	(1,939)	(1,305,497)	(1,307,436)
At 30 June 2023	<u>7,027</u>	<u>1,775,274</u>	<u>1,782,301</u>
Amortisation			
At 1 July 2022	3,915	1,727,611	1,731,526
Charge for the year	759	429,375	430,134
Disposal	(1,939)	(1,305,497)	(1,307,436)
At 30 June 2023	<u>2,735</u>	<u>851,489</u>	<u>854,224</u>
Net book value			
At 30 June 2023	<u>4,292</u>	<u>923,785</u>	<u>928,077</u>
At 1 July 2022	<u>5,051</u>	<u>624,249</u>	<u>629,300</u>

Zuto Limited**Notes to the Financial Statements for the Year Ended June 2023 (Continued)****13. Tangible fixed assets**

	Hardware, software, fixtures and fittings	Total
	£	£
Cost or valuation		
At 1 July 2022	1,020,350	1,020,350
Additions	142,872	142,872
Disposal	(201,245)	(201,245)
At 30 June 2023	961,977	961,977
Depreciation		
At 1 July 2022	464,347	464,347
Charge for the year	278,318	278,318
Disposals	(186,160)	(186,160)
At 30 June 2023	556,505	556,505
Net book value		
At 30 June 2023	405,472	405,472
At 30 June 2022	556,003	556,003

14. Stocks

	2023	2022
	£	£
Finished goods and goods for resale	428,533	106,214

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

15. Debtors: amounts falling due within one year

	2023	2022
	£	£
Trade debtors	4,796,459	3,797,120
Other debtors	97,851	1,639,040
Prepayments and accrued income	870,657	646,259
Deferred taxation	15,746	57,945
	5,780,713	6,140,364

The impairment loss recognised in statement of comprehensive income for the year in respect of bad and doubtful trade debtors was £129,111 (2022 - £132,881). Trade debtors are stated net of provision for bad debts of £98,111 (2022 - £181,647)

Zuto Limited**Notes to the Financial Statements for the Year Ended June 2023 (Continued)****16. Debtors: amounts falling due after one year**

	2023	2022
	£	£
Director's Loan Account	505,692	303,413
Corporation tax	168,143	98,609
	<u>673,835</u>	<u>402,022</u>

Interest on the Directors Loan Account is accruing at the HMRC official rate of interest (2% (2022: 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

	2023	2022
	£	£
Bank overdrafts	1,522,669	1,180,496
Trade creditors	2,295,650	2,168,011
Amounts owed to group undertakings	30,640	569,694
Other taxation and social security	664,586	711,868
Corporation tax	521,514	49,040
Other creditors	2,011,015	1,954,678
Accruals and deferred income	<u>3,519,806</u>	<u>2,498,529</u>
	<u>10,565,880</u>	<u>9,132,316</u>

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

Zuto Limited**Notes to the Financial Statements for the Year Ended June 2023 (Continued)****18. Deferred taxation**

	2023 £
At beginning of year	57,945
Credited to profit or loss	<u>(42,199)</u>
At end of year	<u>15,746</u>

The deferred tax asset is made up as follows:

	2023 £	2022 £
Fixed asset timing differences	(1,913)	16,809
Short term timing differences	17,660	41,136
Losses and other deductions	<u>-</u>	<u>-</u>
	<u>15,746</u>	<u>57,945</u>

19. Debit Back Provision

	Provisions £
At 1 July 2022	1,393,103
Charged to profit or loss	2,979,967
Utilised	<u>(3,090,120)</u>
At 30 June 2023	<u>1,282,950</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 the historical trends of commission levels that have been repaid to individual lenders over a timeframe considered as representative of each lender.

20. Share capital

	2023 £	2022 £
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 2023 (Continued)

20. Share capital (cont.)

The holders of the ordinary shares shall have one vote each on a show of hands and one vote per share on a poll. The holders of the ordinary shares shall be entitled to participate in a distribution of dividends. The holders of the ordinary shares are entitled to participate in a distribution on a return of capital. The ordinary shares are not redeemable.

21. 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.

22. 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 £258,564 (2022 - £247,706). Contributions amounting to £83,919 (2022 - £50,453) were payable to the fund at period end and are included in creditors.

23. Commitments under operating leases

At 30 June 2023 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2023	2022
	£	£
Not later than 1 year	801,049	801,049
Later than 1 year and not later than 5 years	548,311	1,220,856
	1,349,360	2,021,905

Zuto Limited**Notes to the Financial Statements for the Year Ended June 2023 (Continued)****24. 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.

	2023 £	2023 £	2022 £	2022 £
	Purchases	Creditor	Purchases	Creditor
TotallyMoney Limited	191,251	10,978	205,864	18,917
SEP IV LP	21,600	7,200	7,200	-
AutoClicker Limited	589	-	-	-
	213,440	18,178	213,064	18,917

	2023 £	2023 £	2022 £	2022 £
	Sales	Debtor	Sales	Debtor
TotallyMoney Limited	-	-	-	-
SEP IV LP	-	-	-	-
AutoClicker Limited	30,079	-	-	-
	30,079	-	-	-

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 AutoClicker Limited is in relation to car dealership activities 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.

Zuto Limited**Notes to the Financial Statements for the Year Ended June 2023 (Continued)****24. Related party transactions (cont.)****Directors Loan Account**

	2023	2022
	£	£
	Debtor	Debtor
James Wilkinson	505,692	303,413
	505,692	303,413

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 (2% (2022: 2.25%)), payable to the Company on each anniversary of the agreement date. The maximum outstanding during the year was £511,002

25. Ultimate 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.

26. Post Balance Sheet Events

There have been no significant events between the reporting date and the date of approval of financial statements which require disclosure in these financial statements.