Registered number: 05758880

TASK ENFORCEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

TASK ENFORCEMENT LIMITED

COMPANY INFORMATION

Directors	M J Corcoran S J Callaghan
Company secretary	Squire Patton Boggs Secretarial Services Limited
Registered number	05758880
Registered office	12th Floor One America Square London EC3N 2LS
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Landmark St Peters Square 1 Oxford Street Manchester M1 4PB
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
Solicitors	Squire Patton Boggs (UK) LLP 6 Wellington Place Leeds LS1 4AP Travers Smith LLP 10 Snow Hill London EC1A 2AL

TASK ENFORCEMENT LIMITED

CONTENT

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2022

The directors present their report and the financial statements for the year ended 31 May 2022.

The directors have taken advantage of the small companies exemption provided by section 414B of the Companies Act 2006 in not preparing a Strategic Report.

Principal activity

The principal activity of Task Enforcement Limited ('the company') is that of a civil enforcement agency.

Results and dividends

The profit for the year, after taxation, amounted to £80,000 *(2021 - £182,000).*

The directors do not recommend a payment of a dividend for the period (2021: £nil).

Directors

The directors who served during the year were:

R J Anderson (resigned 31 May 2022)
M S Watson (resigned 6 April 2022)
M J Corcoran (appointed 6 April 2022)
S J Callaghan (appointed 31 May 2022)

Going concern

In determining the appropriate basis of preparation for these financial statements, the Board has assessed the Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements. The Company's financial projections and cash flow forecasts form part of a Group assessment and given that the Group manages its treasury on a Group basis, and the Company has received a letter confirming on going financial support, the going concern assessment has also been prepared on a Group basis.

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Directors have produced a set of base level forecast financial projections which cover the period through to August 2024 incorporating a range of assumptions applicable to the individual operating business units. The ability to accurately forecast future business performance varies across business units. Forecasting for some of the larger business units are straight forward to project as revenues are contract based with any impact from contractual changes usually known at least up to 12 months in advance. Other business service lines, principally Enforcement, Commercial Debt and Traffic Technology, are variable based on caseload volumes. These latter services suffered the biggest impact of the Covid-19 restrictions, and the forecasts assume that the period to August 2024 will see a return to volumes in these business service lines close to pre-pandemic levels. The forecasts also assume a level of increased operating costs; however, the current economic environment makes forecasting precise future costs uncertain.

Trading since the reporting date continues to show significant increases in volumes and revenues. However, the Group is operating in an uncertain economic environment with cost-of-living pressures impacting the Group's operating costs and EBITDA performance. Management's momentum for the year ahead includes well established action to deliver cost savings to counter these impacts.

The base level forecasts that the Board have reviewed and approved indicate that the Group will remain in compliance with covenants in the assessment period to August 2024.

After the reporting date, the Group received an injection of funding from investors in the form of loan notes amounting to £10m on 2 February 2023. These are repayable on maturity (being 22 March 2030). Accrued interest is repayable on the same date.

The Group also successfully amended its total net debt cover and liquidity covenant requirements with lenders through to 31 May 2024. The amendment was required due to the covenant levels being set in a pre-pandemic environment on a reducing scale, which did not factor in the disruption caused by the pandemic. The business recovery has been positive post pandemic, however by amending covenant levels, along with the cash injection from investors, the Group has created additional headroom which provides a platform for growth. There has been no breach of any covenants in either the year ending 31 May 2022 or up to the date of approval of these financial statements.

The Board have prepared a plausible downside forecast covering the same time forecast period, being at least twelve months from the date of approval of these financial statements and have sensitised a reduction in the projected EBITDA by 10% in that period. Applying this sensitivity across all business service lines, without any mitigation, could result in a potential breach of covenants in the going concern period. However, if this should happen, the downside forecast scenario indicates that the Group's available liquidity would reduce but it would still have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

The Group have established cost reduction initiatives since the reporting date. These initiatives are well advanced and include cost reduction across all areas of operational spend. The impact of the cost reduction initiatives included in the forecast, result in covenant conditions being met throughout the forecast period, even under a 10% sensitivity downside scenario.

The Directors recognise that at the date of approval of these financial statements, there is a risk that future forecast growth rates and forecast cost savings may not be achieved in line with the forecast. Base level forecasts assume that volumes and revenues return to pre-pandemic levels and that the Group can effectively implement cost savings and manage future operating costs with inflation built into these assumptions. The degree of growth and the degree of cost inflation indicate the existence of a material uncertainty related to events or conditions which may be outside the Board's control.

Such events and conditions may cast doubt over the Group's ability to remain in compliance with all lending covenant requirements and liquidity. This may cast significant doubt on the Group and parent company ability to continue as a going concern, therefore, that it may be unable to realise its assets and discharge its liabilities in the ordinary course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

After review of both its base case forecasts and its plausible downside scenario, with mitigations, the Directors have a reasonable expectation that the Group will have sufficient funds to enable it to operate within its available facilities, settle its liabilities as they fall due for at least the next twelve months, and satisfy any upcoming covenant conditions in the foreseeable future. Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Post balance sheet events

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

Disclosure of information to auditors

The directors confirm that:

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

Auditors

The auditors, Grant Thornton UK LLP, have been engaged for many years and were most recently appointed as part of a tender process in 2021. Given the changes to the business, since the last tender and appointment, it is appropriate for both Grant Thornton and the Company to reconsider the audit of the Group. Grant Thornton will not be offering themselves for re-appointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Directors' responsibilities statement

The directors are responsible for preparing 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 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 for the Company's financial statements and then apply them consistently;*
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2022

This report was approved by the board on 26/7/2023 and signed on its behalf.

Mike Corcoran
....
M J Corcoran
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TASK ENFORCEMENT LIMITED

Opinion

We have audited the financial statements of Task Enforcement Limited (the 'company') for the year ended 31st May 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 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.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which explains that the company has received confirmation of on-going financial support and that the group manages its treasury on a group basis and the company's financial projections and cash flow forecasts form part of the group going concern assessment, of which the company is part of. A forecasting exercise has been completed at a group level which indicates that there is a risk forecast future growth rates and forecast cost savings may not be achieved and this may cast doubt over the group's ability to remain in compliance with all lending covenant requirements and liquidity. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Our responsibilities

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TASK ENFORCEMENT LIMITED (CONTINUED)

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 other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and financial statements. 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.

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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 directors' report.

Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TASK ENFORCEMENT LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates. We determined the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice.

- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated the results of our inquiries by inspecting supporting documentation such as board minutes.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed included:

  - Identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
  - Challenging assumptions and judgements made by management in its significant accounting estimates;
  - Identifying and testing journal entries with a focus on those with unusual account combinations relating to revenue ; and
  - Identifying and testing related party transactions.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion,

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TASK ENFORCEMENT LIMITED (CONTINUED)

deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the client operates in and understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

Grant Thornton UK LLP

Paul Bamber MA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

Date: 26/7/2023

TASK ENFORCEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2022

	Note	2022 £000	*2021 £000*
Turnover	4	**2,110**	*2,486*
Expenses		**(2,027)**	*(2,302)*
Operating profit		**83**	*184*
Interest payable and similar expenses		**(1)**	*(3)*
Profit before tax		**82**	*181*
Tax on profit	7	**(2)**	*1*
Profit for the financial year		**80**	*182*

The notes on pages 12 to 20 form part of these financial statements.

The above results were derived from continuing operations.

The Company has no other comprehensive income for the year other than the results above and therefore, no statement of comprehensive income is presented.

TASK ENFORCEMENT LIMITED
REGISTERED NUMBER: 05758880

BALANCE SHEET
AS AT 31 MAY 2022

	Note		2022 £000		*2021 £000*
Current assets					
Debtors	8	**20,557**		*20,908*	
Cash and cash equivalents		**88**		*217*	
		20,645		*21,125*	
Creditors: amounts falling due within one year	9	**(13,588)**		*(14,148)*	
Net current assets			**7,057**		*6,977*
Total assets less current liabilities			**7,057**		*6,977*
Net assets			**7,057**		*6,977*
Capital and reserves					
Profit and loss account	12		**7,057**		*6,977*
			7,057		*6,977*

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26/7/2023

Mike Corcoran
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M J Corcoran
Director

The notes on pages 12 to 20 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2022

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 June 2020	-	6,795	6,795
Profit for the year	-	182	182
At 1 June 2021	-	6,977	6,977
Profit for the year	-	80	80
At 31 May 2022	-	7,057	7,057

The notes on pages 12 to 20 form part of these financial statements.

1. General information

Task Enforcement Limited ("the company") is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:
12th Floor,
One America Square,
London,
EC3N 2LS

The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 1.

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 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 functional currency of Task Enforcement Limited is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the company operates.

2.2 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 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 11.42, 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;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Free Flow Topco Limited as at 31 May 2022 and these financial statements may be obtained from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.

2. Accounting policies (continued)

2.3 Going concern

In determining the appropriate basis of preparation for these financial statements, the Board has assessed the Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements. The Company's financial projections and cash flow forecasts form part of a Group assessment and given that the Group manages its treasury on a Group basis, and the Company has received a letter confirming on going financial support, the going concern assessment has also been prepared on a Group basis.

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Directors have produced a set of base level forecast financial projections which cover the period through to August 2024 incorporating a range of assumptions applicable to the individual operating business units. The ability to accurately forecast future business performance varies across business units. Forecasting for some of the larger business units are straight forward to project as revenues are contract based with any impact from contractual changes usually known at least up to 12 months in advance. Other business service lines, principally Enforcement, Commercial Debt and Traffic Technology, are variable based on caseload volumes. These latter services suffered the biggest impact of the Covid-19 restrictions, and the forecasts assume that the period to August 2024 will see a return to volumes in these business service lines close to pre-pandemic levels. The forecasts also assume a level of increased operating costs; however, the current economic environment makes forecasting precise future costs uncertain.

Trading since the reporting date continues to show significant increases in volumes and revenues. However, the Group is operating in an uncertain economic environment with cost-of-living pressures impacting the Group's operating costs and EBITDA performance. Management's momentum for the year ahead includes well established action to deliver cost savings to counter these impacts.

The base level forecasts that the Board have reviewed and approved indicate that the Group will remain in compliance with covenants in the assessment period to August 2024.

After the reporting date, the Group received an injection of funding from investors in the form of loan notes amounting to £10m on 2 February 2023. These are repayable on maturity (being 22 March 2030). Accrued interest is repayable on the same date.

The Group also successfully amended its total net debt cover and liquidity covenant requirements with lenders through to 31 May 2024. The amendment was required due to the covenant levels being set in a pre-pandemic environment on a reducing scale, which did not factor in the disruption caused by the pandemic. The business recovery has been positive post pandemic, however by amending covenant levels, along with the cash injection from investors, the Group has created additional headroom which provides a platform for growth. There has been no breach of any covenants in either the year ending 31 May 2022 or up to the date of approval of these financial statements.

The Board have prepared a plausible downside forecast covering the same time forecast period, being at least twelve months from the date of approval of these financial statements and have sensitised a reduction in the projected EBITDA by 10% in that period. Applying this sensitivity across all business service lines, without any mitigation, could result in a potential breach of covenants in the going concern period. However, if this should happen, the downside forecast scenario indicates that the Group's available liquidity would reduce but it would still have sufficient funds to enable it to operate within its available facilities and settle its liabilities as they fall due for at least the next twelve months.

2. Accounting policies (continued)

2.3 Going concern (continued)

The Group have established cost reduction initiatives since the reporting date. These initiatives are well advanced and include cost reduction across all areas of operational spend. The impact of the cost reduction initiatives included in the forecast, result in covenant conditions being met throughout the forecast period, even under a 10% sensitivity downside scenario.

The Directors recognise that at the date of approval of these financial statements, there is a risk that future forecast growth rates and future forecast cost savings may not be achieved in line with the forecast. Base level forecasts assume that volumes and revenues return to pre-pandemic levels and that the Group can effectively implement cost savings and manage future operating costs with inflation built into these assumptions. The degree of growth and the degree of cost inflation indicate the existence of a material uncertainty related to events or conditions which may be outside the Board's control.

Such events and conditions may cast doubt over the Group's ability to remain in compliance with all lending covenant requirements and liquidity. This may cast significant doubt on the Group and parent company ability to continue as a going concern, therefore, that it may be unable to realise its assets and discharge its liabilities in the ordinary course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

After review of both its base case forecasts and its plausible downside scenario, with mitigations, the Directors have a reasonable expectation that the Group will have sufficient funds to enable it to operate within its available facilities, settle its liabilities as they fall due for at least the next twelve months, and satisfy any upcoming covenant conditions in the foreseeable future. Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

2.4 Revenue

Revenue from contracts with customers requires the separation of performance obligations within contracts with customers and the contractual value to be allocated to each of the performance obligations.
Revvenue is then recognised as each performance obligation is satisfied.

Civil Enforcement relates to the enforcement of High Court orders which can be of significant value.

Compliance fee income is the fee recognised on the satisfaction of the performance obligation to complete the compliance work which involves sending a letter of enforcement to the debtor. The fee is set by the TCE at £75 per case for compliance work. For High Court enforcement, on completion of the compliance work, the fee is payable regardless of the success of the enforcement.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Finance costs are charged to profit or loss 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.

2. Accounting policies (continued)

2.7 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.

2.8 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.

2.9 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.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when

2. Accounting policies (continued)

2.10 Financial instruments (continued)

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.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet 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 balance sheet 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 balance sheet date.

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

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. As there are low levels of accounting judgements and estimates required in the company, any impact on the financial statements would be unlikely to be material.

There are no significant estimates or judgements used in preparing these accounts, other than those detailed below.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £000	*2021* *£000*
Civil enforcement	**2,110**	*2,486*
	2,110	*2,486*

All turnover arose within the United Kingdom.

5. Auditors' remuneration

	2022 £000	*2021* *£000*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**9**	*7*

6. Employees

The Company has no employees other than the directors, who did not receive any remuneration *(2021 - £NIL)*.

7. Taxation

	2022 £000	*2021* *£000*
Total current tax	**-**	*-*
Deferred tax		
Origination and reversal of timing differences	**2**	*2*
Changes to tax rates	**-**	*(3)*
Total deferred tax charge/(credit)	**2**	*(1)*
Tax charge/(credit) on profit on ordinary activities	**2**	*(1)*

7. Taxation (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than *(2021 - lower than)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)*. The differences are explained below:

	2022 £000	*2021* *£000*
Profit on ordinary activities before tax	**82**	*181*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**16**	*34*
Effects of:		
Tax rate changes	**-**	*(2)*
Group relief	**(130)**	*(138)*
Transfer pricing adjustments	**116**	*105*
Total tax charge/(credit) for the year	**2**	*(1)*

Factors that may affect future tax charges

The Finance Act 2021 states that the corporation tax main rate will remain at 19% up to and including 31 March 2023. From 1 April 2023, the UK corporation tax rate will increase to 25%, and therefore deferred taxes at the balance sheet date have been measured and reflected in these financial statements using the expected future tax rate of 25%.

8. Debtors

	2022 £000	*2021* *£000*
Due after more than one year		
Deferred tax asset (note 10)	**10**	*12*
	10	*12*
Due within one year		
Trade debtors	**42**	*72*
Amounts owed by group undertakings	**20,488**	*20,747*
Other debtors	**15**	*-*
Prepayments and accrued income	**2**	*77*
	20,557	*20,908*

8. Debtors (continued)

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

9. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	-	1
Amounts owed to group undertakings	13,520	13,753
Other taxation and social security	67	391
Accruals and deferred income	1	3
	13,588	14,148

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

10. Deferred taxation

	2022 £000	2021 £000
At beginning of year	12	11
(Charged)/credited to the profit or loss	(2)	1
At end of year	10	12

The deferred tax asset is made up as follows:

	2022 £000	2021 £000
Fixed asset timing differences	10	12
	10	12

The deferred tax asset is expected to be recoverable in more than 12 months.

11. Share capital

	2022 £000	*2021 £000*
Allotted, called up and fully paid		
1 *(2021 - 1)* Ordinary share of £1.00	-	*-*

12. Reserves

Profit and loss account

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

13. Post balance sheet events

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

14. Ultimate controlling party

Marston (Holdings) Limited is the immediate parent undertaking of Task Enforcement Limited. Marston (Holdings) Limited has included the company in its group financial statements, copies of which are available from its registered office - Rutland House 8th Floor, 148 Edmund Street, Birmingham, B3 2JR.

The smallest, group of undertakings for which consolidated financial statements have been drawn up is that headed by Marston (Holdings) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by the ultimate parent company and controlling party as at 31 May 2022, Free Flow Topco Limited. Consolidated accounts are available from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.