

Innovation Finance Limited

Annual Report and Unaudited Financial Statements
for the Year Ended 31 December 2021

Innovation Finance Limited

Contents

Company Information	<u>1</u>
Accountants' Report	<u>2</u>
Balance Sheet	<u>3</u>
Notes to the Unaudited Financial Statements	<u>4 to 10</u>

Innovation Finance Limited

Company Information

Director A M Juliano

Company secretary A M Juliano

Registered office 1 Vicarage Lane
Stratford
E15 4HF

Accountants KSEG
Belfry House
Champions Way
Hendon
London
NW4 1PX

**Chartered Accountants' Report to the Director on the Preparation of the Unaudited Statutory
Financial Statements of
Innovation Finance Limited
for the Year Ended 31 December 2021**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Innovation Finance Limited for the year ended 31 December 2021 which comprises the statement of income, balance sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation/a-z>.

It is your duty to ensure that Innovation Finance Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of Innovation Finance Limited. You consider that Innovation Finance Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Innovation Finance Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the director of Innovation Finance Limited in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of Innovation Finance Limited and state those matters that we have agreed to state to director of Innovation Finance Limited in this report in accordance with ICAEW Technical Release TECH 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Innovation Finance Limited and its director for our work or for this report.

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KSEG
Belfry House
Champions Way
Hendon
London
NW4 1PX

29 December 2022

Innovation Finance Limited
(Registration number: 07172160)
Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	<u>4</u>	1,670	3,542
Current assets			
Debtors	<u>5</u>	4,774,594	2,512,745
Cash at bank and in hand		884,358	130,031
		5,658,952	2,642,776
Creditors: Amounts falling due within one year	<u>6</u>	(5,629,925)	(1,670,827)
Net current assets		29,027	971,949
Total assets less current liabilities		30,697	975,491
Creditors: Amounts falling due after more than one year	<u>6</u>	-	(949,306)
Net assets		30,697	26,185
Capital and reserves			
Called up share capital	<u>7</u>	200,000	200,000
Retained earnings		(169,303)	(173,815)
Shareholders' funds		30,697	26,185

For the financial year ended 31 December 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The director acknowledges her responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared and delivered in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006. The statement of income and director's report are not delivered to the Registrar of Companies in accordance with the special provisions applicable to companies subject to the small companies regime.

Approved and authorised for issue by the director on 29 December 2022

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A M Juliano

Company secretary and director

Innovation Finance Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

1 General information

The company is a private company limited by share capital incorporated in England. The registered office is shown on page 1.

The principal place of business is:

The Innovation Centre
Highfield Drive, Churchfields
St Leonards-on-Sea
East Sussex
TN38 9UH
England

2 Accounting policies

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A Small Entities and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

Going concern

As set out in the statement of director's responsibilities, in preparing these financial statements the director is required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director has considered in detail the company's forecast performance, as well as its capital and liquidity resources. On this basis the director has a reasonable expectation that, despite uncertain market conditions, the company has sufficient funding and liquidity facilities to ensure that the company will continue in operational existence for the foreseeable future being a period of at least 12 months from the date on which these financial statements are approved.

Having regard to the above, the director believes it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Turnover

Turnover represents interest and fees receivable during the year, excluding value added tax, in respect of invoice discounting and factoring.

Innovation Finance Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Other operating income

In the current year, this comprises of management fees earned for treasury services.

In the prior year, this comprised the Coronavirus Job Retention Scheme grant receivable from the government and recognised as income, using the accruals model, on the systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate.

Tax

The tax expense for the period comprises current and deferred tax as applicable. Tax is recognised in profit or loss, except that a change attributable to an item of income or 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 company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is 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 suitable future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Current and deferred tax assets and liabilities are not discounted.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the average exchange rate ruling during the month of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing average rates of the last month of the financial period. All exchange differences are included in the statement of income.

Foreign exchange gains/losses recognised in the statement of income include differences arising from debts factored in foreign currencies compared to the local currency paid to the customers.

Tangible assets

Tangible assets are stated in the Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Innovation Finance Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Asset class	Asset life
Fixtures & fittings	3 years
Office equipment	3 years

Cash at bank and in hand

This comprises cash at bank.

Financial instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

The company's cash at bank, trade and other debtors and trade and other creditors are measured initially at transaction price and subsequently at amortised cost using the effective interest method.

Trade debtors

Trade debtors reflect the outstanding balance of debts that have been purchased from clients. The treatment is applied consistently whether or not there is recourse to the client for any of the outstanding debts.

A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Amounts shown as factoring clients within creditors reflect the purchase price of the debts less any payments, reassigned debts and charges.

Operating leases

Rentals payable under operating leases are charged in the statement of income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are recognised in the statement of income in the period in which they become payable in accordance with the rules of the scheme.

Innovation Finance Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

3 Staff numbers

The average number of persons employed by the company (including the director) during the year was 6 (2020 : 10).

4 Tangible assets

	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation			
At 1 January 2021	1,519	25,500	27,019
Additions	-	210	210
At 31 December 2021	1,519	25,710	27,229
Depreciation			
At 1 January 2021	1,519	21,958	23,477
Charge for the year	-	2,082	2,082
At 31 December 2021	1,519	24,040	25,559
Carrying amount			
At 31 December 2021	-	1,670	1,670
At 31 December 2020	-	3,542	3,542

Innovation Finance Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

5 Debtors

Current	Note	2021 £	2020 £
Trade debtors		3,936,645	2,466,521
Amounts due from parent undertaking	<u>9</u>	693,445	-
Other debtors		3,887	2,404
Prepayments		15,353	43,820
Accrued income		125,264	-
		<u>4,774,594</u>	<u>2,512,745</u>

Innovation Finance Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

6 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	12,513	43,845
Factoring clients	1,703,496	1,255,556
Other loan	3,588,063	-
Bank loan	-	350,728
Other taxes and social security	20,527	15,440
Other creditors	28,855	831
Accruals and deferred income	276,471	4,427
	<u>5,629,925</u>	<u>1,670,827</u>

At 31 December 2021 factoring clients could draw down a further £513,291 (2020 : £612,851) under their agreements with the company.

Creditors: amounts falling due within one year includes the following liabilities for which security has been given by the company:

	2021	2020
	£	£
Other loan	3,588,063	-
Bank loan	-	350,728
	<u>3,588,063</u>	<u>350,728</u>

Other loan is secured by a fixed charge over the trade debtors of the company.

In the prior year, the bank loan was secured by a fixed and floating charge over all the assets of the company. The bank loan was fully repaid during the year and this charge satisfied.

Creditors: amounts falling due after more than 1 year

	2021	2020
	£	£
Loan from parent company	-	949,306

In the prior year, the loan from the parent company was at arm's length on commercial terms. The loan was fully repaid during the year.

Innovation Finance Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

7 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	200,000	200,000	200,000	200,000

8 Control

At 31 December 2020, the company's immediate and ultimate parent undertaking was Doonbeg Holdings Limited, a company incorporated in England and Wales. During the year, Prime 5 Finance Limited, a company incorporated in England and Wales, acquired 100% shareholding of the company and became the immediate and ultimate parent undertaking. Ann Juliano is the sole shareholder and director of Prime 5 Finance Limited.

9 Related party transactions

Prime 5 Finance Limited

During the year the company lent £693,445 (2020 : £Nil) to Prime 5 Finance Limited. At the balance sheet date the amount due from Prime 5 Finance Limited was £693,445 (2020 : £Nil). The amount due is unsecured, interest free and repayable on demand.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.