

LSC FINANCE LTD

UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

DTE Business Advisers Limited
Chartered Accountants
The Exchange
5 Bank Street
Bury
BL9 0DN

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

	Page
Company Information	1
Statement of Financial Position	2
Notes to the Financial Statements	3

LSC FINANCE LTD
COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2019

DIRECTORS:

S Morley
A M Turner

REGISTERED OFFICE:

1-7 Fallbarn Road
Rawtenstall
Rossendale
Lancashire
BB4 7NT

REGISTERED NUMBER:

08185244 (England and Wales)

ACCOUNTANTS:

DTE Business Advisers Limited
Chartered Accountants
The Exchange
5 Bank Street
Bury
BL9 0DN

STATEMENT OF FINANCIAL POSITION
31 AUGUST 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Property, plant and equipment	4	1,593	2,149
CURRENT ASSETS			
Debtors	5	55,074,231	64,372,177
Cash at bank		11,149,582	854,491
		<u>66,223,813</u>	<u>65,226,668</u>
CREDITORS			
Amounts falling due within one year	6	(44,056,564)	(46,929,242)
NET CURRENT ASSETS		<u>22,167,249</u>	<u>18,297,426</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>22,168,842</u>	<u>18,299,575</u>
CAPITAL AND RESERVES			
Called up share capital		111	111
Share premium		13,784	13,784
Retained earnings		22,154,947	18,285,680
SHAREHOLDERS' FUNDS		<u>22,168,842</u>	<u>18,299,575</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 August 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 August 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.
- (b)

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 27 May 2020 and were signed on its behalf by:

S Morley - Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. **STATUTORY INFORMATION**

LSC Finance Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number is 08185244 and the company's registered office address is 1-7 Fallbarn Road, Rawtenstall, Rossendale, Lancashire, BB4 7NT.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The directors have considered the impact of the global Covid-19 pandemic on the company and recognise that the future cannot be predicted with certainty. However, the directors expect the company to continue trading as all staff can work remotely and the principal activity is the provision of loans. The directors believe that the company has sufficient cash reserves to sustain a downturn in customer repayments.

The company had net assets of £22.2m and cash reserves of £11.1m at the year end and has generated significant profits post year end. The directors believe that the company is well placed to manage the risks at these challenging times and therefore continues to adopt a going concern basis of accounting in preparing these financial statements.

Revenue

Revenue represents interest and fees on loan advances receivable and arises wholly in the United Kingdom.

Revenue in relation to capital repayment loans is recognised using the sum of digits interest method. The sum of digits method is a calculated method whereby the interest is apportioned over the term of the financial asset. In adopting this method a higher level of income is recognised in the earlier periods of the loan. Acceptance fees are recognised in full when paid by the customer as these do not represent a significant additional cost of finance.

Where there are no capital repayments until the end of the loan term, revenue is recognised on a straight line basis. Revenue does not continue to be recognised when the customer is in default and expectation that loan will not be recovered in full.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 20% on cost

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in the income statement when the change arises.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Cost of sales

Cost of sales comprises cost of commission payable, fees and impairment charges in respect of customer loans.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Impairment of customer loans

A monthly review of the company's loan book is undertaken on a line by line basis to determine whether or not a balance is impaired. A specific bad debt provision is made for these balances.

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.

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 income statement.

Basic financial liabilities are initially measured at transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make estimates and judgements. The estimates are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The estimates are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Making judgement based on knowledge of the customer on the level of provision required for impairment of customer loans. Further information received after the statement of financial position date may impact on the level of provision required.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 4 (2018 - 2) .

4. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery etc £
COST	
At 1 September 2018 and 31 August 2019	<u>8,775</u>
DEPRECIATION	
At 1 September 2018	<u>6,626</u>
Charge for year	<u>556</u>
At 31 August 2019	<u>7,182</u>
NET BOOK VALUE	
At 31 August 2019	<u>1,593</u>
At 31 August 2018	<u>2,149</u>

5. DEBTORS

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	54,377,669	60,480,571
Other debtors	<u>13,379</u>	<u>26,612</u>
	<u>54,391,048</u>	<u>60,507,183</u>
Amounts falling due after more than one year:		
Trade debtors	<u>683,183</u>	<u>3,864,994</u>
Aggregate amounts	<u>55,074,231</u>	<u>64,372,177</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	14,784	7,742
Amounts owed to related parties	36,880,063	38,203,277
Taxation and social security	140,530	856,234
Other creditors	<u>7,021,187</u>	<u>7,861,989</u>
	<u>44,056,564</u>	<u>46,929,242</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019**

7. SECURED DEBTS

The bank loans are secured by way of floating charge over all of the companies assets.

8. POST BALANCE SHEET EVENTS

Post year end saw the outbreak of Covid-19 in China which has become a global pandemic. The directors expects the company to continue trading through the pandemic. The directors have considered the impact of the global Covid-19 pandemic on the company and recognise that the future cannot be predicted with certainty. However, the directors expect the company to continue trading as all staff can work remotely and the principal activity is the provision of loans. Should demand for the company's services fall, the company would introduce cost control measures but would be able to retain staff using cash reserves.

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.