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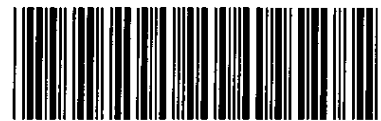
**MORETON SMITH RECEIVABLES LIMITED**

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**UNAUDITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2021**

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**MORETON SMITH RECEIVABLES LIMITED**

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**COMPANY INFORMATION**

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**Directors** R J Shearer (resigned 5 June 2020)  
R Anderson  
M S Watson (appointed 5 June 2020)

**Registered number** 08486496

**Registered office** 8th Floor Rutland House  
148 Edmund Street  
Birmingham  
B3 2JR

**Bankers** Lloyds Bank Plc  
25 Gresham Street  
London  
EC2V 7HN

**Solicitors** Squire Patton Boggs (UK) LLP  
6 Wellington Place  
Leeds  
LS1 4AP

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**MORETON SMITH RECEIVABLES LIMITED**

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**MORETON SMITH RECEIVABLES LIMITED**  
**REGISTERED NUMBER: 08486496**

**BALANCE SHEET**  
**AS AT 31 MAY 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Intangible assets	5	5	9
Tangible assets	6	-	4
		<u>5</u>	<u>13</u>
<b>Current assets</b>			
Debtors	7	618	529
Bank and cash balances		660	163
		<u>1,278</u>	<u>692</u>
Creditors: amounts falling due within one year	8	(1,691)	(1,161)
<b>Net current liabilities</b>		<u>(413)</u>	<u>(469)</u>
<b>Total assets less current liabilities</b>		<u>(408)</u>	<u>(456)</u>
<b>Net liabilities</b>		<u>(408)</u>	<u>(456)</u>
<b>Capital and reserves</b>			
Profit and loss account	11	(408)	(456)
		<u>(408)</u>	<u>(456)</u>

For the year ending 31 May 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with 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

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**MORETON SMITH RECEIVABLES LIMITED**  
**REGISTERED NUMBER: 08486496**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MAY 2021**

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**M S Watson**  
Director

*The notes on pages 3 to 13 form part of these financial statements.*

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## MORETON SMITH RECEIVABLES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

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#### 1. General information

Moreton Smith Receivables 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:  
8th Floor Rutland House  
148 Edmund Street  
Birmingham  
England  
B3 2JR

#### 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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it.

The functional currency of the Company is considered to be pound 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 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.

This information is included in the consolidated financial statements of Free Flow Topco Limited as at 31 May 2021 and these financial statements may be obtained from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.

The following principal accounting policies have been applied:

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## **MORETON SMITH RECEIVABLES LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021**

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## **2. Accounting policies (continued)**

### **2.3 Going concern**

The directors have considered forecast financial performance, recoverability of assets and financial viability for the period extending at least 12 months from the date of approval of these financial statements and up to February 2023. This has included scenario analysis and stress testing in relation to Covid-19.

As a result, the directors have a reasonable expectation that there are adequate resources for the company to continue in operational existence for the foreseeable future, and have therefore adopted the going concern basis in preparing these financial statements.

The directors have considered the resources of the wider Free Flow Topco Group including confirmation of support available from them.

### **2.4 Revenue**

Revenue 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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

### **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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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## MORETON SMITH RECEIVABLES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

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#### 2. Accounting policies (continued)

##### 2.7 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. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	25% reducing balance per annum
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##### 2.8 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	- 8 years straight line
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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 in profit or loss.

##### 2.9 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.

##### 2.10 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.

##### 2.11 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.

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## **MORETON SMITH RECEIVABLES LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021**

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#### **2. Accounting policies (continued)**

##### **2.12 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 non-puttable 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 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.

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## MORETON SMITH RECEIVABLES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

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#### 2. Accounting policies (continued)

##### 2.13 Current and deferred tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

*Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.*

*Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.*

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

##### 2.14 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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**MORETON SMITH RECEIVABLES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2021**

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**3. Employees**

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL).

**4. Taxation**

	<b>2021 £000</b>	<b>2020 £000</b>
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1)	(1)
Adjustment in respect of previous periods	-	2
<b>Total deferred tax</b>	<u>(1)</u>	<u>1</u>
<b>Total tax (credit)/charge for the year</b>	<u>(1)</u>	<u>1</u>

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**MORETON SMITH RECEIVABLES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2021**

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**4. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	47	8
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	9	1
<b>Effects of:</b>		
Group relief	11	-
Transfer pricing adjustments	(21)	-
<b>Total tax (credit)/charge for the year</b>	<b>(1)</b>	<b>1</b>

**Factors that may affect future tax charges**

It was confirmed that from 1 April 2023, the corporation tax rate will increase from 19% to 25% and deferred taxes at the balance sheet date have been calculated using the rate of 25% as it is expected that the deferred tax will largely become payable after April 2023.

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**MORETON SMITH RECEIVABLES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2021**

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**5. Intangible assets**

	<b>Computer software £000</b>
<b>Cost</b>	
At 1 June 2020	20
At 31 May 2021	<u>20</u>
<b>Amortisation</b>	
At 1 June 2020	11
Charge for the year on owned assets	4
At 31 May 2021	<u>15</u>
<b>Net book value</b>	
At 31 May 2021	<u>5</u>
At 31 May 2020	<u>9</u>

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**MORETON SMITH RECEIVABLES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2021**

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**6. Tangible fixed assets**

	<b>Computer equipment £000</b>
<b>Cost or valuation</b>	
At 1 June 2020	15
At 31 May 2021	<u>15</u>
<b>Depreciation</b>	
At 1 June 2020	11
Charge for the year on owned assets	4
At 31 May 2021	<u>15</u>
<b>Net book value</b>	
At 31 May 2021	<u>-</u>
At 31 May 2020	<u>4</u>

**7. Debtors**

	<b>2021 £000</b>	<b>2020 £000</b>
Trade debtors	219	227
Amounts owed by group undertakings	348	263
Prepayments and accrued income	49	38
Deferred taxation	2	1
	<u>618</u>	<u>529</u>

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

**MORETON SMITH RECEIVABLES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2021**

**8. Creditors: Amounts falling due within one year**

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Trade creditors	<b>36</b>	<i>31</i>
Amounts owed to group undertakings	<b>1,478</b>	<i>1,024</i>
Other taxation and social security	<b>41</b>	<i>40</i>
Other creditors	<b>20</b>	<i>-</i>
Accruals and deferred income	<b>116</b>	<i>66</i>
	<b>1,691</b>	<i>1,161</i>

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

**9. Deferred taxation**

	<b>2021</b>
	<b>£000</b>
At beginning of year	<b>1</b>
Charged to profit or loss	<b>1</b>
<b>At end of year</b>	<b>2</b>

The deferred tax asset is made up as follows:

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Accelerated capital allowances	<b>2</b>	<i>1</i>
	<b>2</b>	<i>1</i>

The deferred tax asset is expected to be recoverable within 12 months.

**10. Share capital**

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
<b>Allotted, called up and fully paid</b>		
10 (2020 - 10) Ordinary shares of £0.10 each	<b>-</b>	<i>-</i>

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**MORETON SMITH RECEIVABLES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2021**

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**11. Reserves**

**Profit and loss account**

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

**12. Ultimate controlling party**

Marston (Holdings) Limited is the immediate parent undertaking of Moreton Smith Receivables 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 2021, *Free Flow Topco Limited*. Consolidated accounts are available from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.