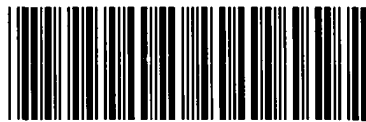

PURE CREMATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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PURE CREMATION LIMITED
REGISTERED NUMBER: 09703301

COMPANY INFORMATION

Directors	D A Collingwood (Resigned 18 November 2022) R J Murphy B D L Powell C A Powell P E Thilo M Seastron (Appointed 3 October 2022) R R Thomerson S J T Wassall H J Rosethorn (Resigned 15 June 2021) M P Watson-Gandy (Resigned 15 June 2021)
Company Secretary	B D L Powell
Registered number	09703301
Registered office	Charlton Park Crematorium Charlton Down Andover England SP11 0TA
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 4th Floor Cumberland House 15-17 Cumberland Place Southampton Hampshire SO15 2BG

PURE CREMATION LIMITED
REGISTERED NUMBER: 09703301

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Company is the provision of direct cremation and related services.

The financial information has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Comparative information has also been stated on a consistent basis.

Results and dividends

The profit for the year, after taxation, amounted to £5,395,226 (2020: £554,816). During the year the Company paid a dividend of £25,000,000 (2020 - £Nil).

Directors

The directors who served during the year were:

D A Collingwood (Resigned 18 November 2022)

R J Murphy

B D L Powell

C A Powell

P E Thilo (Appointed 01 August 2021)

R R Thomerson

S J T Wassall (Appointed 01 August 2021)

H J Rosethorn (Resigned 15 June 2021)

M P Watson-Gandy (Resigned 15 June 2021)

Future developments

The directors do not expect any significant change in the level of business in the foreseeable future.

Financial risk management

The Group uses financial instruments comprising a Term Loan Facility provided by Santander UK PLC. It is the Group's policy to minimize the cost of borrowings whilst retaining the flexibility of funding opportunities.

Interest rate exposure:

The Term Loan Facility held in the ultimate parent company is denominated in sterling and had floating interest rate terms linked to SONIA.

Currency exposure:

The Company does not have any material risks arising from the effects of exchange rate fluctuations.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Credit risk:

The Company's credit risk is primarily attributable to its Trade Receivables which, at the Balance Sheet date, are comprised entirely of sums due from individual customers resulting in a low risk profile.

Other risks:

In addition to the primary areas of risk noted above, the directors continually monitor other areas of risk such as suppliers, data, premises, and markets as part of its ongoing business continuity planning.

Disclosure of information to auditor

The directors at the time when this Directors' Report is approved have confirmed that:

- so far as is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- they have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.


Small companies exemption note

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

Auditor

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


Rob Murphy (Dec 22, 2022 09:52 GMT)

R J Murphy
Director

Date: 22/12/2022

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors are responsible for preparing the Directors' Report and the financial statements, in accordance with applicable law.

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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether international accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are responsible 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, and have general responsibility for taking such steps as are reasonably open to the directors to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

PURE CREMATION LIMITED
REGISTERED NUMBER: 09703301

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PURE CREMATION FUNERAL PLANNING LIMITED**

Opinion

We have audited the financial statements of Pure Cremation Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Profit or Loss, the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (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 December 2021 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.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Directors' 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 Directors' 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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PURE CREMATION FUNERAL PLANNING LIMITED

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.

Matters on which we are required to report by exception

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.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 has 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies, and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company complies with the framework through:

- Outsourcing accounts preparation and tax compliance to external experts.
- Subscribing to relevant updates from external experts and making changes to internal procedures and controls as necessary.
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PURE CREMATION FUNERAL PLANNING LIMITED**

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the Company's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 101 in respect of the preparation and presentation of the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.

The areas identified in this discussion were:

- Manipulation of the financial statements, especially revenue, via fraudulent journal entries, particularly as the size of the Company means that there is little opportunity for segregation of duties.
- Deferred income, bad debt provision, stock valuation and useful economic life of fixed assets, as these are estimates made by management

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Challenging management regarding the assumptions used in the estimates identified above, and comparison to post-year-end data.
- Substantive work on material areas affecting profits.
- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts and those posted at unusual times.


Overall, the senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities. In particular, both the senior statutory auditor and the audit manager have a number of years' experience in dealing with companies in this sector and subject to the above-mentioned regulations.

A further description of our responsibilities is available 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's and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Edmonds (Senior statutory auditor)


Andrew Edmonds (Dec 22, 2022 10:09 GMT)

for and on behalf of

CLA Evelyn Partners Limited
Chartered Accountants
Statutory Auditor

4th Floor Cumberland House
15-17 Cumberland Place
Southampton
Hampshire
SO15 2BG

Date: 22/12/2022

PURE CREMATION LIMITED
REGISTERED NUMBER: 09703301

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 <i>Restated</i> £
Revenue	5	11,205,537	5,538,313
Cost of sales		(3,244,761)	(1,559,720)
Gross profit		7,960,776	3,978,593
Administrative expenses		(2,601,481)	(3,305,363)
Profit from operations	6	5,359,295	673,230
Finance income	8	36,140	-
Finance costs	9	(42,153)	(19,543)
Profit before tax		5,353,073	643,686
Tax credit/(expense)	12	42,153	(98,870)
Total comprehensive income		5,395,226	554,816

There was no other comprehensive income during the year (2020 - £Nil).

The notes on pages 12 to 33 form part of these financial statements.

PURE CREMATION LIMITED
REGISTERED NUMBER: 09703301

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 Restated £
Assets			
Non-current assets			
Intangible assets	13	2,909	2,459
Property, plant, and equipment	14	781,188	472,644
		<u>784,097</u>	<u>475,103</u>
Current assets			
Stocks		203,901	118,460
Trade and other receivables	15	9,403,564	7,353,274
Cash and cash equivalents	16	5,003,581	907,901
		<u>15,395,143</u>	<u>8,379,635</u>
Total assets		<u>15,395,143</u>	<u>8,854,738</u>
Liabilities			
Non-current liabilities			
Lease liability	18	65,459	102,005
Current liabilities			
Trade and other liabilities	17	34,744,126	8,583,393
Lease liability	18	165,253	101,567
Deferred tax liabilities	20	-	42,695
		<u>34,909,379</u>	<u>8,727,655</u>
Total liabilities		<u>34,974,838</u>	<u>8,829,660</u>
Net assets/ (liabilities)		<u>(19,579,695)</u>	<u>25,078</u>
Issued capital and reserves			
Share capital	22	100	100
Retained earnings	21	(19,579,795)	24,978
Total equity		<u>(19,579,695)</u>	<u>25,078</u>

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by:

Rob Murphy
Rob Murphy (Dec 22, 2022 09:52 GMT)

R J Murphy
Director

Date: 22/12/2022

The notes on pages 12 to 33 form part of these financial statements.

PURE CREMATION LIMITED
REGISTERED NUMBER: 09703301

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital £	Retained Earnings £	Total Equity £
At 1 January 2020	100	2,347,126	2,347,226
Effect of transition to FRS 101	-	(2,875,793)	(2,875,793)
At 1 January 2020 (restated)		(529,738)	(529,738)
Comprehensive income for the year			
Profit for the year (Restated)	-	554,816	554,816
Total comprehensive income for the year	-	554,816	554,816
At 31 December 2020 (Restated)	100	24,978	25,078
At 1 January 2021	100	24,978	25,078
Comprehensive income for the year			
Profit for the year	-	5,395,226	5,395,226
Dividends paid	-	(25,000,000)	(25,000,000)
Total comprehensive income for the year	-	(19,604,774)	(19,604,774)
At 31 December 2021	100	(19,579,795)	(19,579,695)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Company information

Pure Cremation Limited (the 'Company') is a private company, limited by shares and incorporated in England and Wales (registered number: 09703301). The Company's registered office is at Charlton Park Crematorium, Charlton Down, Andover, England, SP11 0TA. The Company's principal activity is the provision of direct cremation and related services.

2. Basis of preparation

The financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101). The Company's shareholders were notified of, and did not object to, the use of the UK-adopted IFRS disclosure exemptions. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (adopted IFRS) but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 27. The transition date is 01 January 2020.

Details of the Company's accounting policies, including changes during the year, are included in note 3.

2.1 Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of certain disclosure exemptions conferred by FRS 101 and has not provided:

- Additional comparative information as per IAS 1 Presentation of Financial Statements paragraph 38 in respect of:
 - a reconciliation of the number of shares outstanding at the start and end of the prior period; and
 - reconciliations of the carrying amounts of property, plant and equipment, intangibles assets and investment property at the start and the end of the prior period.
- An additional balance sheet for the beginning of the earliest comparative period, following the reclassification of items in the financial statements
- A Statement of Cash Flows
- A statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead)
- Additional comparative information for narrative disclosures and information, beyond IFRS requirements
- Disclosures in relation to the objectives, policies, and process for managing capital
- Disclosure of the effect of future accounting standards not yet adopted
- The remuneration of key management personnel
- Related party transactions with two or more wholly owned members of the group
- Certain disclosures required under IFRS 15 Revenue from Contracts with Customers, including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations
- The amount of lease income recognised on operating leases as lessor
- The maturity analysis of lease liabilities, as required by paragraph 58 of IFRS 16 Leases, has not been disclosed separately as details of indebtedness required by Companies Act has been presented separately for lease liabilities in note 19.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2.1 Disclosure exemptions adopted (continued)

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of Cognicent Limited. These financial statements do not include certain disclosures in respect of:

- Financial Instrument disclosures as required by IFRS 7 Financial Instruments: Disclosures
- Fair value measurements – details of the valuation techniques and inputs used for fair value measurement of assets and liabilities as per paragraphs 91 to 99 of IFRS 13 Fair Value Measurement

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis. The presentation currency used is sterling and amounts have been presented in absolute amounts.

2.3 Changes in accounting policies

i) New standards, interpretations, and amendments effective from 1 January 2021

Extension to the IFRS 16 COVID-19 rent concessions amendment to cover reductions in lease payments up to 30 June 2022.

Interest rate benchmark reform phase 2 amendments to IFRS 9, IAS 29, IFRS 4 and IFRS 16.

ii) New standards, interpretations, and amendments not yet effective

The following standards and interpretations to published standards are not yet effective:

IFRS 17: "Insurance Contracts"

Amendment to IAS 1: "Classification of Liabilities as Current or Non-current"

Amendment to IAS 12 'Deferred tax related to assets and liabilities arising from a single transaction'

IAS 8: Definition of accounting estimates

IAS 1: Disclosure initiative – accounting policies

IFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities

IAS 37: Onerous contracts – cost of fulfilling a contract

IAS 16: PPE: Proceeds before intended use

IAS 41: Taxation in fair value measurements

The directors anticipate that the adoption of other Standards and interpretations that are not yet effective in future periods will only have an impact on the presentation in the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Accounting policies

3.1 Going concern

The directors have carefully reviewed the future prospects of the Company and its future cash flows. The directors have a reasonable expectation that the Company has adequate resources to meet their obligations as they fall due for a period of at least 12 months after the date on which the report and financial statements are signed.

In assessing the going concern position of the company, the Directors have considered the cashflows, liquidity and business activities. At 31 December 2021 the Company had net liabilities of £19,579,665. However the Company achieved profit before tax of £5,354,244. Income relates solely to at need cremation services, for pre-paid plans the revenue is deferred under IFRS15, the contract liabilities for this deferral at 31 December 2021 is £28,299,091. Excluding contract liabilities, the Company had net current assets of £8,719,426 at the end of the year.

Furthermore, as the directors have considered going concern at a group level should the company require funding to meet its liabilities as they fall due, this would be provided by funding from the wider group. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

3.2 Revenue recognition

IFRS 15 'Revenue from Contracts with Customers' establishes a single model to account for revenue arising from the sale of products to consumers and services rendered. All revenue arose from agreements with external customers.

Revenue in the course of ordinary activities is measured and recognised using the five-step approach outlined in IFRS 15:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when the entity satisfies the performance obligation.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. Contract assets represent revenue recognised prior to invoicing when it has satisfied its performance obligation and have the unconditional right to payment. Contract assets are reviewed for impairment in accordance with IFRS 9.

Contract liabilities:

Deferred revenue is split between current and non-current to reflect the expected number of plans to be utilised or cancelled within the next 12 months. This is based on historical experience. Actual experience may differ due to factors such as death rate. Actual cancellation rates may differ.

Interest income is accrued on a time basis.

3.3 Pension and other post-retirement benefits

The pension costs charged in the financial statements represent the contributions payable by the Company during the year into a defined contribution pension scheme.

3.4 Profit from operations

Profit from operations is stated after the inclusion of all operating items, but before financing costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Accounting policies (continued)

3.5 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.

Amortisation is provided on the following basis:

Website	-	20% straight-line
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3.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at cost less 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.

Depreciation is provided on the following basis:

Plant and machinery	-	25% reducing balance
Motor vehicles	-	25% reducing balance
Furniture and fittings	-	25% reducing balance
Right of use asset	-	Straight line over the lease term

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.

3.7 Impairment of tangible fixed assets

At each reporting date tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). If there is an indication of possible impairment, the recoverable amount of any affected assets (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

3.8 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes a party to the contractual provisions of the financial instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Accounting policies (continued)

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, except for those held at fair value through profit or loss, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Financial assets with cash flows that are not solely payments of principal and interest on the principal amount outstanding are classified and measured at FVTPL, irrespective of the business model

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price as defined in IFRS 15, as the contracts of the company do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short-term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

Amortised cost and effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Accounting policies (continued)

All income and expenses relating to financial assets that are recognised in the Statement of Comprehensive Income are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other administrative expenses.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss, in the finance income/expense line.

Financial assets

The Company's financial assets comprise trade and other debtors, and cash and cash equivalents.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities measured subsequently at amortised cost

The company's financial liabilities include trade and other payables and amounts due to group undertakings. Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are classified as basic financial instruments and measured at initial recognition at transaction price. Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Trade and other payables

Trade and other payables are classified as basic financial instruments and measured at initial recognition at transaction price. Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

3.9 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Dividends voted are done so under the accounting framework used at the time the dividend is voted. For the dividend voted during the year the dividend was assessed against FRS102 distributable profits due to the date of the dividend pre-dating the decision to transition to FRS101.

3.10 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 is recognised as other comprehensive income or to an item 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 reporting date in countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is possible 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 will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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FOR THE YEAR ENDED 31 DECEMBER 2021

3. Accounting policies (continued)

3.11 Leasing

IFRS 16 was adopted using the modified retrospective method (including appropriate practical expedients), with the effect of initially applying this standard recognised at the date of incorporation being 5 November 2020.

A right-of-use asset and a lease liability has been recognised for all leases except leases of low value assets, which are considered to be those with a fair value below £5,000, and those with a duration of 12 months or less. The right-of-use asset has been measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where impairment indicators exist, the right of use asset will be assessed for impairment.

The lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted using the Company's incremental borrowing rate. The Company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The rate applied was 7.9%.

After initial measurement, any payments made will reduce the liability and the interest accrued will increase it. Any reassessment or modification will lead to a remeasurement of the liability. In such case, the corresponding adjustment will be reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the Statement of Financial Position, right-of-use assets have been included in property, plant, and equipment.

3.12 Inventory

Inventory is stated at the lower of cost and net realizable value, being the estimated selling price less costs to complete and sell. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventory is assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
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4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the statement of financial position date and the reported revenue and expenses during the reporting year.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Allowances for non-recoverability of trade receivables

An allowance is created for non-recoverability of trade receivables when management expect that the amount outstanding will not be repaid. Management exercise their judgement and experience when deciding the value of any such allowance. At the year end, the allowance totaled £nil (2020 - £Nil).

Discount rate – IFRS 16

Leases are discounted using the Company's incremental borrowing rate. The Company's borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The rate was estimated to be 7.9% per annum.

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5. Revenue

The following is an analysis of the Company's revenue for the year from continuing operations:

	2021 £	2020 £
Provision of direct cremation and related services	<u>11,205,537</u>	<u>5,538,313</u>

Analysis of revenue by country of destination:

	2021 £	2020 £
United Kingdom	<u>11,205,537</u>	<u>5,538,313</u>
	<u>11,205,537</u>	<u>5,538,313</u>

All of the above revenue is recognised when economic benefits are realised by customers, and the Company believes they have fulfilled their performance obligation.

6. Profit from operations

Profit from operations has been arrived at after charging:

	2021 £	2020 (Restated) £
Amortisation of intangible assets	700	2,499
Depreciation of tangible assets	<u>323,739</u>	<u>159,063</u>

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>20,025</u>	<u>8,275</u>

The above audit fees are borne by another group company.

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NOTES TO THE FINANCIAL STATEMENTS
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8. Finance income

	2021 £	2020 £
Interest income	36,140	-

9. Finance expense

	2021 £	2020 (Restated) £
Interest accruing on funeral plan liabilities	16,640	4,953
Interest on lease liability	25,721	14,590
	<u>42,361</u>	<u>19,543</u>

10. Directors' emoluments

	2021 £	2020 £
Directors' remuneration comprised:		
Aggregate remuneration	-	1,203,662
Social security costs	-	161,358
Other pension costs	-	4,817
	<u>-</u>	<u>1,369,837</u>

All directors accrued benefits under Company pension schemes. During the prior year, the highest paid director received total remuneration of £388,608 of which £1,314 related to pension contributions.

The directors were remunerated in Pure Cremation Limited in 2020, this year the directors were all remunerated through other group entities. It is not practical to allocate these emoluments between their services as directors of Pure Cremation Limited and their services as directors of the other group companies.

11. Staff costs

The average monthly number of employees excluding executive directors employed by the Company was 69 (2020 - 55).

	2021 £	2020 £
Staff costs (including directors) comprise:		
Wages and salaries	1,951,299	2,667,905
Social security costs	235,039	229,856
Other pension costs	45,496	79,710
	<u>2,231,834</u>	<u>2,967,471</u>

**NOTES TO THE FINANCIAL STATEMENTS
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12. Tax

Income tax recognised in profit or loss

	2021	2020
	£	£
Current tax		
Current tax on profits for the year	542	77,237
Adjustments in respect of prior years	-	(3,539)
Total current tax	<u>542</u>	<u>73,698</u>
Deferred tax expense		
Origination and reversal of timing differences	(42,695)	25,172
Adjustments in respect of prior years	-	-
Total deferred tax	<u>(42,695)</u>	<u>25,172</u>
Total tax expense/(credit)	<u>(42,153)</u>	<u>98,870</u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2021	2020 (Restated)
	£	£
Profit before tax	5,353,073	653,686
Tax using the Company's domestic tax rate of 19% (2020 - 19%)	1,017,084	124,200
Group relief surrendered/ (claimed)	(1,059,237)	21,791
Adjustments to tax charge in respect of prior periods	-	(3,539)
Adjustments to tax charge in respect of prior periods - deferred tax	-	-
Rate change adjustment	-	-
Total tax expense/(credit)	<u>(42,153)</u>	<u>98,870</u>

Changes in tax rates and factors affecting the future tax charges

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Intangible assets

	Software £
Cost	
At 1 January 2020	6,771
Additions	35,412
Disposals	<u>(39,451)</u>
At 31 December 2020	<u>2,732</u>
At 1 January 2021	2,732
Additions	1,150
At 31 December 2021	<u>3,882</u>
	Software £
Accumulated amortisation	
At 1 January 2020	1,814
Charge for the year	2,499
Disposals	<u>(4,040)</u>
At 31 December 2020	<u>273</u>
Charge for the year	700
At 31 December 2021	<u>973</u>
Net book value	
At 1 January 2020	4,957
At 31 December 2020	<u>2,459</u>
At 31 December 2021	<u>2,909</u>

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

14. Tangible fixed assets	Plant and machinery £	Motor Vehicles £	Furniture, Fitting & Equipment £	Right of use asset £	Total £
Cost					
At 1 January 2020 (Restated)	182,114	55,089	15,051	143,580	395,834
Additions	89,302	42,455	41,813	144,014	317,584
Disposals	(1,300)	-	(2,670)	-	(3,970)
At 31 December 2020 (Restated)	270,116	97,544	54,194	287,594	709,448
Additions	136,754	291,226	962	203,342	632,284
Disposals	-	-	-	-	-
At 31 December 2021	406,870	388,770	55,156	490,936	1,341,732
Accumulated depreciation					
At 1 January 2020 (Restated)	52,561	23,033	6,120	-	81,714
Charge for the year	44,079	11,006	7,673	96,305	159,063
Disposals	(1,300)	-	(2,670)	-	(3,970)
At 31 December 2020 (Restated)	95,340	34,039	11,123	96,305	236,807
Charge for the year	67,840	64,640	12,860	178,399	323,739
At 31 December 2021	163,180	98,679	23,983	274,704	560,546
Net book value					
At 1 January 2020	129,553	32,056	8,931	143,580	314,120
At 31 December 2020	174,776	63,505	43,071	191,289	472,641
At 31 December 2021	243,690	290,091	31,173	216,232	781,186

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15. Trade receivables

	2021 £	2020 -(Restated) £
Trade receivables	311,588	103,257
Amounts owed from group undertakings	7,609,492	6,514,550
Prepayments	116,807	37,980
Contract asset	1,066	27,930
Other receivables	1,364,611	669,557
	<u>9,403,564</u>	<u>7,353,274</u>

Trade receivables, held at amortised cost, are non-interest bearing and generally have a 30-day term. Due to their short maturities, the carrying amount of trade receivables is a reasonable approximation of their fair value.

A provision for impairment of trade receivables is established using an expected loss model. Expected loss is calculated from a provision matrix based on the expected lifetime default rates and estimates of loss on default.

The directors consider that the carrying amount of loans and receivables, after taking account of related allowances, approximates to their fair value.

Other receivables, contract assets and amounts owed from group undertakings are also financial assets held at amortised cost. Based on prior experience and an assessment of the current economic environment, the directors do not consider that any impairment provision is required against the above assets and considers that the carrying amount of the assets is a reasonable approximation of fair value.

As at 31 December 2021 trade receivables of £195,069 (2020 - £62,470) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2021 £	2020 £
Up to 2 months	104,301	34,295
2 to 3 months	30,805	19,505
Over 3 months	59,963	8,670
	<u>195,069</u>	<u>62,470</u>

Movements in the provision for impairment for trade receivables are as follows:

	2021 £	2020 £
At 1 January	-	1,171
Additional provision in the year	-	(1,171)
At 31 December	<u>-</u>	<u>-</u>

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16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>5,003,581</u>	<u>907,901</u>

The directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counterparty is a bank with a high credit rating.

Cash and cash equivalents (which are presented as a single class of assets on the face of the Statement of Financial Position) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

17. Trade and other payables

	2021 £	2020 (Restated) £
Trade payables	38,504	55,783
Amounts owed to group undertakings	5,814,571	-
Contract liability	28,299,091	7,706,945
Other payables	156,323	4,752
Accruals	145,800	669,608
Corporation tax	-	77,237
Other tax and social security payments	289,837	69,068
	<u>34,744,126</u>	<u>8,583,393</u>

The directors consider that the carrying amount of trade payables approximates to their fair value. No interest is charged on trade and other payables.

Trade payables, other payables and amounts owed to group undertakings constitute the only financial liabilities measured at amortised cost.

Contract liabilities is made up of deferred revenue and a refund liability. The deferred revenue represents amounts received from pre-arranged funeral plan holders adjusted to reflect a significant financing component, and for which the company has not completed its performance obligations at the balance sheet date. Refund liabilities represent amounts received from pre-arranged funeral plan holders for which it is expected that the respective plans will be cancelled based on historical experience.

Of the total contract liability, £2,263,927 is expected to be utilised or cancelled within 12 months (2020: £616,556) with the remaining amount £26,035,164 (2020: £7,090,389) expected to be utilised in greater than 12 months.

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18. Lease liability

	2021 £	2020 £
Non-current		
Lease liability due within 1-2 years	65,459	72,250
Lease liability due within 2-5 years	-	29,755
Lease liability due in more than 5 years	-	-
	<u>65,459</u>	<u>102,005</u>
	2021 £	2020 £
Current		
Lease liability due within 1 year	165,253	101,567
The following amounts in respect of leases have been recognised in profit or loss:		
	2021 £	2020 £
Interest expense on lease liabilities	<u>25,721</u>	<u>14,590</u>

19. Retirement benefit schemes

The Company operates a defined contribution pension scheme which is open to all staff.

An amount of £45,496 was recognised as an expense for defined contribution plans in 2021 (2020 – £79,710). The amount is included in staff costs in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
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20. Deferred taxation

	2021 £	2020 £
At beginning of year	42,695	17,523
Charged to profit or loss	(42,695)	25,172
Deferred tax asset at end of year	-	42,695

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated tax depreciation	-	42,695
Short-term timing differences	-	-
Losses and other deductions	-	-
	-	42,695

21. Retained earnings

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

Dividends voted during the year were assessed against distributable profits at the time under the accounting reporting framework used at the time the dividend was voted. The dividends voted in 2021 were assessed against the FRS102 distributable reserves, before the date of transition to FRS101.

22. Share capital

Authorised	2021 Number	2021 £	2020 Number	2020 £
Shares treated as equity				
Ordinary shares of £0.50 each	200	100	200	100
	100	100	100	100
 Issued and fully paid				
	2021 Number	2021 £	2020 Number	2020 £
Ordinary shares of £0.50 each				
At 1 January and 31 December	200	100	200	100

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NOTES TO THE FINANCIAL STATEMENTS
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23. Reconciliation of liabilities arising from financing activities

	Intercompany loans	Lease liability	Total
	£	£	£
At 1 January 2020	(542,877)	(143,580)	(686,457)
Interest	-	(14,590)	(14,590)
Cash flow movement	(1,435,876)	98,613	(1,337,263)
Non-cash movement	-	(144,014)	(144,014)
At 31 December 2020	(1,978,753)	(203,571)	(2,182,324)

	Intercompany loans	Lease liability	Total
	£	£	£
At 1 January 2021	(1,978,753)	(203,571)	(2,182,324)
Interest	-	(25,721)	(25,721)
Cash flow movement	183,135	201,922	385,057
Non-cash movement	-	(203,342)	(203,342)
At 31 December 2021	(1,795,618)	(230,712)	(2,026,330)

24. Related party transactions

Pure Cremation Limited has taken advantage of the exemption under FRS 101 paragraph 8(k) not to disclose information about transactions entered into between two or more members of the group where any subsidiary which is a party to the transactions is wholly owned by such a member.

25. Financial commitments, guarantees and contingent liabilities

At the statement of financial position date, the company is a joint guarantor of the Term Loan Facility held in another Group entity by way of an Accession Deed signed by all subsidiary companies of the ultimate parent company, Cognicent Limited.

The directors believe that no provision needs to be recognised in these accounts in respect of the Company being a guarantor, as it's not considered probable that any transfer of economic benefit will pass in connection with the Company acting as guarantor to the Group.

26. Parent undertaking and controlling party

The Company's immediate parent undertaking and controlling party is Pure Cremation Group Limited, a company incorporated in the United Kingdom. The registered office address of Pure Cremation Group Limited is Charlton Park Crematorium, Charlton Down, Andover, England, SP11 0TA.

The ultimate parent is Cognicent Limited, a company incorporated in the United Kingdom. This entity is the highest and lowest level of the group at which consolidated accounts are prepared. The registered office address is Eagle House, Joule Road, Andover, England, SP10 3UX.

The ultimate controlling party is Cognicent Limited.

**NOTES TO THE FINANCIAL STATEMENTS
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27. First time adoption of FRS 101

As stated in note 2, these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2021, the comparative information presented in these financial statements for the year ended 31 December 2020 and in the preparation of an opening FRS 101 balance sheet at 1 January 2020.

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its previous basis of accounting (FRS 102). The following exemptions were adopted by the company on transition to FRS 101:

Estimates:

The estimates at 1 January 2020 and 31 December 2020 are consistent with those made for the same dates in accordance with FRS 102 (after adjustments to reflect any differences in accounting policies)

An explanation of how the transition from FRS 102 to FRS 101 has affected the Company's financial position and financial performance is set out in the following tables and the accompanying notes:

Reconciliation of total comprehensive income for the year ended 31 December 2020

		FRS 102	Effect of transition to FRS 101	FRS 101
		£	£	£
Continuing operations:				
Revenue	(iii)	10,344,113	(4,805,800)	5,538,313
Cost of sales		(1,559,720)	-	(1,559,720)
Gross profit		8,784,393	(4,805,800)	3,978,593
Other operating income		-	-	-
Administrative expenses	(i) and (ii)	(3,311,653)	6,290	(3,305,363)
Profit/ from operations		5,472,740	(4,799,510)	673,230
Finance expense	(i) and (iii)	-	(19,543)	(19,543)
Profit before tax		5,472,740	(4,819,054)	653,686
Tax credit		(98,870)	-	(98,870)
Total comprehensive income		5,373,870	(4,819,054)	554,816

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27. First time adoption of FRS 101 (continued)

Reconciliation of statement of financial position as at 31 December 2020

	FRS 102	Effect of transition to IFRS	FRS 101
	£	£	£
Assets			
Non-current assets			
Intangible assets	2,459	-	2,459
Property, plant, and equipment	281,354	191,290	472,644
	(i) 283,813	191,290	475,103
Current assets			
Inventory	118,460	-	118,460
Trade and other receivables	7,346,699	6,575	7,353,274
Cash and cash equivalents	907,901	-	907,901
	8,373,060	6,575	8,379,635
Total assets	8,656,873	197,865	8,854,738
Liabilities			
Non-current liabilities			
Lease liability	-	102,005	102,005
	-	102,005	102,005
Current liabilities			
Trade and other liabilities	893,082	7,690,311	8,583,393
Lease liability	-	101,567	101,567
Deferred tax liabilities	42,695	-	42,695
	935,777	7,791,878	8,727,655
Total liabilities	935,777	7,893,882	8,829,659
Net assets	7,721,096	(7,696,018)	25,078
Issued capital and reserves			
Share capital	100	-	100
Retained earnings	7,720,996	(7,696,018)	24,978
Total equity	7,721,096	(7,696,018)	25,078

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27. First time adoption of FRS 101 (continued)

Reconciliation of statement of financial position as at 1 January 2020

	FRS 102	Effect of transition to FRS 101	FRS 101
	£	£	£
Assets			
Non-current assets			
Intangible assets	4,957	-	4,957
Property, plant, and equipment	(i) 170,540	143,580	314,120
	175,497	143,580	319,077
Current assets			
Inventory	19,074	-	19,074
Trade and other receivables	(ii) 2,249,531	3,765	2,253,296
Cash and cash equivalents	26,030	-	26,030
	2,294,635	3,765	2,298,400
Total assets	2,470,132	147,345	2,617,477
Liabilities			
Non-current liabilities			
Lease liability	(i) -	78,454	78,454
	-	78,454	78,454
Current liabilities			
Trade and other liabilities	(iii) 105,383	2,879,558	2,984,941
Lease liability	(i) -	65,126	65,126
Deferred tax liabilities	17,523	-	17,523
	122,906	2,944,684	3,067,590
Total liabilities	122,906	2,944,684	3,067,590
Net assets	2,347,226	(2,875,793)	(528,567)
Issued capital and reserves			
Share capital	100	-	100
Retained earnings	(iv) 2,347,126	(2,875,793)	(528,667)
Total equity	2,347,226	(2,875,793)	(528,567)

- (i) A right of use asset and lease liability has been recognised under IFRS 16 which were previously held as operating leases under FRS 102. Rental expense recorded under FRS 102 has been reversed in the profit and loss account and depreciation and interest expense has been recorded.
- (ii) An expected credit loss has been recognised in accordance with IFRS 9, the bad debt provision previously recorded under FRS 102 has been reversed accordingly.
- (iii) Revenue has been recognised in accordance with IFRS 15 resulting in a decrease in the revenue recognised in the period and the recognition of a contract liability on the balance sheet.
- (iv) The retained earnings have been adjusted for the IFRS 16 and IFRS 9 adjustments noted in (i) and (ii).