

Company Registration Number: 10077673 (England and Wales)

Independent Growth Finance Limited
Report and Consolidated Financial Statements
for the year ended 31 March 2022



Independent Growth Finance Limited

Report and financial statements for the year ended 31 March 2022

Contents

Page:

1	Strategic Report
5	Directors' Report
7	Independent Auditor's Report
11	Consolidated Statement of Comprehensive Loss
12	Consolidated and Company Statements of Financial Position
13	Consolidated Statement of Cash Flow
14	Consolidated and Company Statements of Changes in Equity
15	Notes forming part of the Financial Statements

Directors and Advisors

Directors

J R Allbrook
J M Hudson
P W Ralph
J P Onslow
S M Moore

Registered office

Kingsgate
High Street
Redhill
RH1 1SG

Independent Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Independent Growth Finance Limited

Strategic Report for the year ended 31 March 2022

The Directors present their strategic report for the year ended 31 March 2022.

Principal activities

The principal activities of the group are providing working capital solutions that meet the growth aspirations of lower mid-market enterprises primarily through receivables finance and asset based lending.

Key Performance Indicators (KPI's) – 5 year history

year ended 31 March		2018	2019	2020	2021	2022	Growth
Client funds in use	£m	71	99	123	125	201	+61%
Client Volume	£m	659	910	1,191	1,287	2,006	+56%
Turnover	£000	7,265	9,362	11,056	10,102	14,341	+42%
Cost Income Ratio	%	109%	92%	76%	74%	63%	NA
EBITDA after senior bank interest	£000	(1,161)	(394)	868	946	3,659	+287%
EBITDA	£000	(412)	1,016	2,794	2,098	5,634	+169%
Net Current Assets	£m	11	22	26	26	35	+35%

Business review and future development

Last year we reported on how well we had performed during the Covid crisis and had successfully recovered our position by 31 March 2021 following an initial downturn during the first lockdown.

We are pleased to report that we are now firmly back on our high growth trajectory and our results for the year ended 31 March 2022 are excellent with a 61% growth in the client book (funds in use) and £3.5 million increase in EBITDA to £5.6 million. During the year client volume, the total value of invoices assigned to us, exceeded £2 billion representing year on year growth of 56%.

We originated more than £120 million of new client facilities in the year with a very strong pipeline of deals in progress.

We continued to invest in our people and IT infrastructure during the year.

Our bank funders and Investors have continued to be extremely supportive of the business and have both increased their commitments during the year to fund the next stage of our growth.

Future development

Going forward we will continue to provide creative and flexible finance to UK businesses in the lower mid-market

Independent Growth Finance Limited

Strategic Report for the year ended 31 March 2022

and build on our proven track record of growth and profitability, delivering excellent risk adjusted returns.

Our business is highly scalable and we see clear opportunities for the business over the coming years to continue to grow fast and profitably with the potential to be significantly bigger.

- We have a proven new business origination team functioning via an established and growing professional introducer base
- There is a sizeable, addressable market open to us and we are well placed to exploit and execute on the many opportunities that are already coming our way
- We have a highly experienced and established management team and high quality personnel
- We have a modern IT infrastructure and repeatable data driven processes.

This growth will continue to be underpinned by disciplined risk management and client service which is borne out by our high-quality client portfolio and continued outstanding credit and client retention performance.

Environmental, Social and Governance (ESG)

IGF recognise that our interaction with our stakeholders needs to be in a manner that benefits all parties. During the first quarter of 2022 IGF appointed an independent ESG consultancy to assess and advise the Board on our current ESG performance and to create a roadmap for improvement during 2022 and beyond.

We are pleased to report that our focus on ESG to date has resulted in a number of positive outcomes for all stakeholders, including

a) Environment:

We have engaged proactively with landlords where we are not responsible for energy procurement to request that the electricity is procured from renewable sources, aware of the fact that fossil fuels are a leading cause of climate change. We are actively calculating our carbon footprint and looking at ways to reduce our environmental impact and working towards being carbon neutral.

b) Staff:

We recognise that a diverse workforce representing the communities we recruit from and the businesses we provide finance to is vital. We have begun gathering Diversity, Equality and Inclusion (DE&I) data and engaging staff to promote inclusion and equality. We continue to invest in staff training and development; both technical training as well as "soft skills", through internal and external courses.

c) Clients:

Our tailored solutions and client management processes ensures that there is regular, formal and informal communication on a continual basis, resulting in high levels of Client satisfaction, repeat business and retention.

d) Communities and those in need:

We recognise that there are a number of challenges being faced by communities and individuals today ranging from COVID through to increases in the cost of living, meaning that more people are in need of help and support. IGF support a number of charities independently as well as match funding charitable donations made by our staff.

Independent Growth Finance Limited

Strategic Report for the year ended 31 March 2022

Looking forward, the Board has set a number of ESG metrics to track to ensure that we measure the performance and achievement of the ESG goals we have set. We are going to calculate our carbon footprint and devise an action plan to reduce our emissions across Scope 1, 2 and 3, helping the global drive to halt climate change. We will issue our first employee engagement survey that will engage our staff across 6 key areas to ensure they feel heard and play a vital role in shaping our corporate strategy with particular emphasis on how this affects them. We will engage our supply chain partners to ensure they are operating as ethically as we are. We are analysing the United Nation's 17 Sustainable Development Goals (SDGs) to choose a number of these to align to. We will shortly be creating our inaugural ESG Impact Report whereby we publicly share the work being done in this area and share our vision for ESG.

Principal risks and uncertainties

The war in the Ukraine has had a significant impact on the UK and world economies, with higher commodity prices and inflation, supply chain disruption, an energy crisis, employment shortages and increasing interest rates.

This uncertainty will no doubt impact some of our clients although it is very difficult to predict by how much or with any degree of certainty.

The senior management team of IGF have successfully navigated businesses through financial and macroeconomic crises over many years, and recently through the Covid crisis. The supply of finance from traditional sources tends to reduce during these periods of uncertainty leading businesses to non-bank financial institutions like IGF. We are confident that the current situation will not significantly impact our ability to execute on our business plan, and in fact may lead to further opportunities arising. The momentum we built in the last financial year is showing no signs of slowing down in the early months of the new financial year.

The following is a summary of the key business risks for the group and the key actions management take to mitigate the level of risk to acceptable levels.

a) Credit risk

The financial risk of losses arising from clients being unable to repay amounts due. This risk is mitigated by extensive checks on prospective clients and their owners before take on and rigorous client management processes and controls once on board, including periodic audits and verification checks. Clients are restricted to availability limits on the amounts they can draw and all funds out are backed by security over assets that can be realised in the event of default. It should also be noted that on average we collect 100% of funds due on receivables facilities within a month.

b) Liquidity risk

The risk that funds are not available to meet the groups financial obligations or to finance future growth. This risk is mitigated by regular monitoring of the groups working capital position and forward planning our funding requirements to ensure that we always have sufficient facilities in place. The risk of breaching key covenants with our lenders is mitigated by regular monitoring and financial forecasting, including scenario testing of our key planning assumptions.

c) Interest rate risk

The financial risk of unexpected or significant changes in interest rates. This risk is naturally minimised as discount income receivable and interest payable are both linked to the same underlying rates.

Independent Growth Finance Limited

Strategic Report for the year ended 31 March 2022

d) Currency risk

The risk of losses arising from large fluctuations in exchange rates. This risk is mitigated by a natural hedge in currency transactions whereby funds paid and received will be denominated in the same currency.

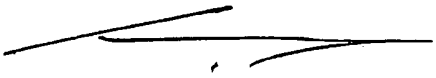
e) Reputational risk

The risk of an event adversely impacting our relationships with our clients and business introducers and prospective new business. This risk is mitigated by training our staff to ensure that our core values of excellent service and acting with the utmost integrity and professionalism is at the core of everything that we do.

f) Cyber risk

The risk of a cyber-attack on our IT systems and infrastructure leading to significant business interruption and potential data breaches. The risk is mitigated by continual investment in and enhancements to our cyber landscape, regular testing, insurance, staff awareness training and a robust business continuity plan.

On behalf of the Board


.....
J P Onslow – Director

Date 25 / 7 2022

Independent Growth Finance Limited

Directors' Report for the year ended 31 March 2022

The Directors present their report and Group consolidated financial statements for the year ended 31 March 2022.

The principal activities, business review and future development of the Group are listed in the strategic report.

The Company is a Holding Company.

Results and dividends

The results for the period are set out on page 11. No dividends will be distributed for the period ended 31 March 2022 (2021– nil).

Directors of the Company

The following Directors have held office throughout the year:

J R Allbrook
J M Hudson
P W Ralph
J P Onslow
S M Moore

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Group and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Growth Finance Limited

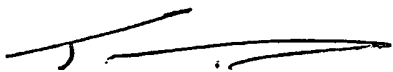
Directors' Report for the year ended 31 March 2022

Statement of disclosure to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small Companies within Part 15 of the Companies Act 2006.

On behalf of the Board



J P Onslow - Director

Date 25/7 2022

Independent Growth Finance Limited

Independent Auditor's report to the members of Independent Growth Finance Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Independent Growth Finance Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated statement of Comprehensive Loss, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flow, the Consolidated and Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent 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.

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 Group's and Parent 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.

Independent Growth Finance Limited

Independent Auditor's report to the members of Independent Growth Finance Limited

Other information

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

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Independent Growth Finance Limited

Independent Auditor's report to the members of Independent Growth Finance Limited

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to Independent Growth Finance Limited. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (FRS 102 and the Companies Act 2006), regulations impacting labour regulations, compliance with the Asset Based Finance Standards Framework and taxation in the United Kingdom.

We understood how the Group and company is complying with those legal and regulatory frameworks by making enquiries of management. Our review of board minutes and legal expenses accounts were performed to ensure no other material legal matters were detected through our audit procedures.

We assessed the susceptibility of the Group and company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there was a

Independent Growth Finance Limited

Independent Auditor's report to the members of Independent Growth Finance Limited


susceptibility of fraud. We also considered potential fraud drivers: including financial or other pressures, opportunity, and personal or corporate motivations. We considered the programmes and controls that the Group and company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and key areas of estimation uncertainty or judgement. These include the provisions for trade debtors and completeness of deferred income.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

4DBAD10598DC44F...

Tim Neathercoat (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London, United Kingdom

Date: 26 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Independent Growth Finance Limited

Consolidated Statement of Comprehensive Loss for the year ended 31 March 2022

	Note	2022 £	2021 £
Turnover	4	14,341,286	10,101,598
Administrative expenses		(8,793,801)	(8,156,927)
Operating profit	5	5,547,485	1,944,671
Interest payable and similar charges	8	(6,450,112)	(4,629,510)
Loss on ordinary activities before taxation		(902,627)	(2,684,839)
Taxation on loss on ordinary activities	9	(585,329)	(170,818)
Loss for the financial year		(1,487,956)	(2,855,657)
Other comprehensive income		-	-
Total comprehensive loss for the financial year		(1,487,956)	(2,855,657)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Independent Growth Finance Limited

Consolidated and Company Statements of Financial Position as at 31 March 2022

Company Registration Number - 10077673

	Note	GROUP		COMPANY	
		2022 £	2021 £	2022 £	2021 £
Fixed assets					
Investment in Subsidiary Undertakings	10	-	-	1	1
Intangible assets	11	54,091	30,900	-	-
Tangible assets	12	35,985	57,220	-	-
		<u>90,076</u>	<u>88,120</u>	<u>1</u>	<u>1</u>
Current assets					
Debtors: amounts falling due within one year	13	136,499,209	83,420,539	1,473,241	1,248,242
Debtors: amounts falling due after more than one year	13	36,891,749	24,288,851	49,744,286	39,306,552
Cash at bank and in hand		126,301	480,319	-	-
		<u>173,517,259</u>	<u>108,189,709</u>	<u>51,217,527</u>	<u>40,554,794</u>
Creditors: amounts falling due within one year	14	(138,832,228)	(82,248,214)	(2,571,925)	(1,405,983)
Net current assets		<u>34,685,031</u>	<u>25,941,495</u>	<u>48,645,602</u>	<u>39,148,811</u>
Total assets less current liabilities		<u>34,775,107</u>	<u>26,029,615</u>	<u>48,645,603</u>	<u>39,148,812</u>
Represented by:					
Creditors: amounts falling due after more than one year	15	49,390,704	39,157,256	49,390,705	39,157,256
Capital and reserves					
Called up share capital	18	603	603	603	603
Profit and loss account		(14,616,200)	(13,128,244)	(745,705)	(9,047)
Shareholders' deficit		<u>(14,615,597)</u>	<u>(13,127,641)</u>	<u>(745,102)</u>	<u>(8,444)</u>
		<u>34,775,107</u>	<u>26,029,615</u>	<u>48,645,603</u>	<u>39,148,812</u>

These financial statements have been prepared in accordance with the provisions applicable to Companies subject to the small Companies' regime. In accordance with section 408 of the Companies Act 2006, no Income Statement and Statement of Comprehensive Income is presented for the Company. The Company made a comprehensive loss of £647,695 (2021: profit £5,046) for the financial year. These financial statements were approved by the Board and authorised for issue on 25/1/2022.

.....
J P Onslow - Director

The notes on pages 15 to 33 form part of these financial statements.

Independent Growth Finance Limited

Consolidated Statement of Cash Flow for the year ended 31 March 2022

	Note	2022 £	2021 £
Net cash (used) / generated from operating activities	20	(65,027,091)	12,771,264
Cash flows from investing activities			
Purchase of intangible assets	11	(64,436)	(5,351)
Purchase of tangible assets	12	(26,260)	(7,290)
Net cash used in investing activities		(90,696)	(12,641)
Cash flows from financing activities			
Investor loan notes issued	15	7,500,000	-
Interest paid in respect of Investor loan notes		(1,474,153)	(1,076,988)
Manager loan notes (redeemed)	15	(4,546)	(11,364)
Increase / (Decrease) in Finance facility	14	60,072,602	(12,366,884)
Fees paid in respect of financing activities		(262,500)	-
Net cash generated / (used) from financing activities		65,831,403	(13,455,236)
Net increase / (decrease) in cash and cash equivalents in the period		713,616	(696,613)
Cash and cash equivalents bought forward		(2,499,769)	(1,803,156)
Cash and cash equivalents carried forward		(1,786,153)	(2,499,769)
Cash and cash equivalents comprise:			
Cash at bank and in hand		126,301	480,319
Cash-in-transit	14	(1,912,454)	(2,980,088)
		(1,786,153)	(2,499,769)

Independent Growth Finance Limited

Consolidated and Company Statements of Changes in Equity for the year ended 31 March 2022

	Called up share capital £	Profit and loss account £	Total equity £
<u>GROUP</u>			
Balance at 31 March 2020	603	(10,272,587)	(10,271,984)
Total comprehensive loss for the year ended 31 March 2021	-	(2,855,657)	(2,855,657)
Balance at 31 March 2021	603	(13,128,244)	(13,127,641)
Total comprehensive loss for the year ended 31 March 2022	-	(1,487,956)	(1,487,956)
Balance at 31 March 2022	603	(14,616,200)	(14,615,597)
<u>COMPANY</u>			
Balance at 31 March 2020	603	(14,093)	(13,490)
Total comprehensive profit for the year ended 31 March 2021	-	5,046	5,046
Balance at 31 March 2021	603	(9,047)	(8,444)
Total comprehensive loss for the year ended 31 March 2022	-	(736,658)	(736,658)
Balance at 31 March 2022	603	(745,705)	(745,102)

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

1. Company information

Independent Growth Finance Limited (the "Company") together with its subsidiaries (the "Group") is a private company, limited by shares, incorporated in England and Wales with Company registration number 10077673. The registered office address is Kingsgate, High Street, Redhill, RH1 1SG.

2. Accounting Policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The Company is a 'qualifying entity' for the purposes of FRS 102 and as such has taken advantage of the disclosure exemptions available, including exemption from the requirement to:

- Prepare a Statement of Cash Flows for the Company (Section 7 of FRS 102);
- Disclosure of transactions between two or more members of the Group where the entities are 100% owned within the Group (Para 33.1A of FRS 102);
- Disclose key management personnel compensation for the Company in total (Section 33 paragraph 33.7 of FRS 102); and
- Disclose the carrying amounts of each category of financial assets and financial liabilities of the Company (Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102).

In accordance with section 408 of the Companies Act 2006 no Income Statement and Statement of Comprehensive Income is presented for the Company.

The following principal accounting policies have been applied:

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company can continue to meet its liabilities as they fall due.

The directors have made an assessment of the group and company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. We considered the financial forecasts for the period and stress tested these by modelling highly unlikely but possible extreme downsides that may arise from any further covid risk or current macroeconomic uncertainty, and the impact these may have on the Company's financial performance and cash flows. In particular we stress tested a significant increase in Client attrition and bad debts and a large reduction in new business projections. In all scenarios tested the Company is able to operate as a going concern and remain compliant with the financial covenants set by our funders.

Our confidence that we can mitigate any risk arising is underpinned by our proven resilience during uncertain times with disciplined risk management controls and processes in place.

Our funders remain enormously supportive and have increased their facilities in recent months to provide certainty of financial support and liquidity and to ensure we can execute on the next stage of our growth plans.

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

Basis of Consolidation

The consolidated financial statements present the results of Independent Growth Finance Limited, its subsidiary undertaking IGF Group Services Limited, and its subsidiary undertakings ("the Group"). Intercompany transactions and balances between Group companies are eliminated in full on consolidation. The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at fair value at the acquisition date.

The results of acquired operations are included in the consolidated statement of comprehensive loss from the date on which control is obtained. They are deconsolidated from the date control ceases.

Turnover

Turnover represents amounts receivable for the rendering of services net of VAT and trade discounts. Where a service is provided for a fixed or minimum fee, this is recognised on a straight-line basis over the term of the contract. Interest and discount income is calculated daily on the outstanding balance of each Client's account with the Company, and is recognised each month when it is charged to the Client's account.

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 5 years. Goodwill is being amortised to 'administrative expenses' over 5 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

Intangible assets and Amortisation

Separately acquired intangible assets are measured at cost less any accumulated amortisation and impairment losses. Cost comprises purchase price and any directly attributable cost of preparing the asset for its intended use. On acquiring another Group undertaking, an intangible asset was recognised on the value of Customer contracts existing at the date of acquisition. Intangible assets are amortised over their expected useful lives as follows:

- | | |
|----------------------|-----------------------------------|
| - Licensed software | - straight line over 3 to 5 years |
| - Customer contracts | - straight line over 3 years |
| - Goodwill | - straight line over 5 years |

Tangible fixed assets and Depreciation

Tangible fixed assets are included at cost less depreciation and impairment. Cost comprises purchase cost and any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives as follows:

- | | |
|------------------------------------|--|
| - Leasehold improvements | - straight line over the period of the lease |
| - Fixtures, fittings and equipment | - straight line over 3 to 5 years |

Depreciation is included in "Administrative Expenses" in the Statement of Comprehensive Income.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Investments in Subsidiaries

Investments in subsidiary undertakings are measured at cost less accumulated impairment.

Financial Instruments

Loans and receivables, trade and other receivables and bank balances are categorised as basic financial instruments and, where applicable, initially accounted for at amortised cost, being their transaction price (including transaction costs). Subsequently they are measured using the effective interest method.

Amounts due under revolving credit facilities are classified as falling due within one year due to the nature of the line of credit. For instruments expected to be settled within one year, they shall be measured at the undiscounted amount of cash expected to be received or paid.

At the end of each reporting period financial assets measured at amortised costs are assessed for objective evidence of impairment.

Finance costs are charged to profit and loss over the term of the debt instrument.

Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued; and
- Profit and loss account represents cumulative profits or losses, net of any adjustments.

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

Leased assets

Assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors. Finance charges are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Pension costs

Contributions to employee's defined contribution group pension plans are charged to profit or loss in the period in which they become payable.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the end of the reporting period and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

Deferred taxation

Deferred taxation balances are recognised in respect of all timing differences that have originated but not reversed by the end of the reporting period. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date. The deferred tax balance has not been discounted.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits.

Foreign currency translation

The financial statements are presented in 'sterling', which is the Company's functional and presentation currency. Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

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

a) In preparing these financial statements, the Directors have made the following judgements:

Classification of leases

The Directors must determine whether leases entered into by the Company and Group are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Goodwill and intangibles

Determine whether there are indicators of impairment on the goodwill and intangible assets of the Company and Group. Factors taken into consideration are the Group's business plans and forecasts. The Group is required to undergo an assessment of future viability of asset grouped at the lowest level of which they are separately identifiable cash flows (cash-generating units). Other judgements related to the forecast cash flows and discount rate applied in the value in use calculation.

Key sources of estimation uncertainty include:

Recoverability of debtors

The Company and Group has recognised a provision on certain trade debtors. The recoverability of debtors is assessed on a case-by-case basis. The provision is based on the Directors' best estimate of the recoverability and ultimate realisation of each of the balances owed. The recoverability of debtors is subject to the outcome of future events, and therefore may differ from the estimated amount.

Deferred tax assets

The directors have concluded that based on future financial projections the deferred tax asset will be recoverable against future profits arising.

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

4. Turnover

Analysis by category:

	2022	2021
	£	£
Revenue arising from:		
• the rendering of services	8,734,218	6,566,944
• interest and discount charges	5,607,068	3,534,654
	<u>14,341,286</u>	<u>10,101,598</u>
Analysis by geographical market:		
United Kingdom	<u>14,341,286</u>	<u>10,101,598</u>

Turnover is wholly attributable to the principal activities of the Group.

5. Operating profit

Operating profit is arrived at after charging:

	2022	2021
	£	£
Operating lease rentals:		
• Land and buildings	194,482	182,164
Amortisation of intangible assets (see note 11)		
• Goodwill arising on acquisition	4,160	49,918
• Value of Customer contracts arising on acquisition		-
• Licensed software	37,085	29,889
Depreciation of tangible fixed assets (see note 12)		
• owned assets	47,495	72,908
Fees payable to the Company's auditors for:		
• the audit of the Group's annual accounts	55,000	44,730
• tax advisory services	17,995	16,500
Direct costs of sale	<u>1,197,841</u>	<u>972,437</u>

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

6. Employees

Staff costs (including Directors) consists of:

	2022	2021
	£	£
Wages and salaries	3,713,578	3,409,943
Social security costs	459,947	403,021
Cost of defined contribution pension scheme	383,102	333,848
	<u>4,556,627</u>	<u>4,146,812</u>

A defined contribution scheme is operated by IGF Group Services Limited, who hold the contracts of all employees of the Group. The assets of the scheme are held separately from those of the Group in an independently administered fund. Pension contributions of £37,128 (2021: £27,372) were payable at the end of the reporting period.

The average number of employees (including Directors) during the period was 44 (2021: 45).

7. Directors' remuneration

The Directors are the only key management personnel who are subject to remuneration as detailed below. The Directors of the Company are directly remunerated by IGF Group Services Limited, a subsidiary undertaking.

	2022	2021
	£	£
Remuneration	<u>604,650</u>	<u>566,345</u>

Emoluments of the highest paid Director were £259,279 (2021: £206,179). At 31 March 2022 one Director of the Company is accruing retirement benefits under the Group defined contribution scheme (2021: 1).

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

8. Interest payable and similar charges

	2022	2021
	£	£
Discount charges on Finance Facility	1,975,463	1,152,042
Interest payable on Investor Loan Notes	4,107,439	3,244,922
Amortisation of fees paid in respect of financing	367,210	232,546
	<u>6,450,112</u>	<u>4,629,510</u>

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

9. Taxation on loss on ordinary activities

	2022 £	2021 £
(a) Analysis of charge in the period:		
Current Tax		
UK corporation tax	604,399	10,214
Deferred tax		
Origination and reversal of timing differences	102,752	158,388
Adjustments in respect of previous periods	608	2,216
Effect of tax rate change on opening balance	(122,429)	-
Total deferred tax charge	(19,070)	160,604
Taxation on loss on ordinary activities	585,329	170,818
(b) Factors affecting the tax charge for the period:		
Loss on ordinary activities before tax	(902,627)	(2,684,839)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020 – 19%)	(171,499)	(510,119)
Effects of:		
Expenses not deductible for tax purposes	853,988	679,328
Adjustments in respect of previous periods (deferred tax)	608	2,216
Group relief adjustment	-	(607)
Remeasurement of deferred tax for changes in tax rates	(97,769)	-
Taxation on loss on ordinary activities	585,329	170,818

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

10. Investment in Subsidiary Undertakings

The interests of the Company in its subsidiary undertakings was as follows:

	2022	2021
	£	£
Brought forward and carried forward	1	1

Details of the Company's subsidiary undertakings are included in note 19.

11. Intangible assets

Group only	Goodwill on acquisition	Customer Contracts	Software licenses	Total
	£	£	£	£
Cost				
At 1 April 2021	249,590	411,170	142,306	803,066
Additions	-	-	64,436	64,436
At 31 March 2022	249,590	411,170	206,742	867,502
Amortisation				
At 1 April 2021	(245,430)	(411,170)	(115,566)	(772,166)
Provision for the year	(4,160)	-	(37,085)	(41,245)
At 31 March 2022	(249,590)	(411,170)	(152,651)	(813,411)
Net book value				
At 31 March 2022	-	-	54,091	54,091
At 31 March 2021	4,160	-	26,740	30,900

Software licences purchased for use by the Group are recognised as intangible assets.

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

12. Tangible assets

Group only	Leasehold improve- ments	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 April 2021	21,849	295,111	316,960
Additions	-	26,260	26,260
At 31 March 2022	21,849	321,371	343,220
Depreciation			
At 1 April 2021	(19,439)	(240,301)	(259,740)
Provision for the year	(1,984)	(45,511)	(47,495)
At 31 March 2022	(21,423)	(285,812)	(307,235)
Net book value			
At 31 March 2022	426	35,559	35,985
At 31 March 2021	2,409	54,810	57,220

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

13. Debtors

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade Debtors	135,097,913	81,827,182	-	-
Amounts owed by group undertakings	-	-	886,811	641,988
Deferred tax assets (note 16)	407,370	388,300	-	-
Other debtors	152,589	95,212	-	-
Accrued income	100,119	71,437	-	-
Prepayments	741,218	1,038,408	586,430	606,254
	<u>136,499,209</u>	<u>83,420,539</u>	<u>1,473,241</u>	<u>1,248,242</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	49,744,286	39,306,552
Trade Debtors	36,891,749	24,288,851	-	-
	<u>36,891,749</u>	<u>24,288,851</u>	<u>49,744,286</u>	<u>39,306,552</u>

The Company charged a rate of interest of 9.0% on long term amounts owed by Group undertakings (2021: 8.8%).

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

14. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts owed to group undertakings	-	-	1,445,226	1,335,157
Cash-in-transit	1,912,454	2,980,088	-	-
Finance facility (secured)	128,311,849	68,239,246	-	-
Trade creditors	156,129	353,805	-	-
Deferred income	1,578,799	1,334,419	-	-
Other creditors	4,520,015	8,228,495	298,088	-
Taxation and social security	437,924	325,350	74,522	53,112
Corporate Tax Creditor	604,398	10,214	604,397	10,214
Accruals	1,310,660	776,597	149,692	7,500
	138,832,228	82,248,214	2,571,925	1,405,983

The finance facility is secured by a debenture over the assets of Group Companies.

Cash in transit mostly relates to BACs payments to Clients that have not yet cleared the bank at the reporting date.

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Investor Loan notes (secured)	49,198,656	38,960,662	49,198,656	38,960,662
Management Loan notes (unsecured)	192,048	196,594	192,048	196,594
	49,390,704	39,157,256	49,390,704	39,157,256

Creditors all fall due within five years.

Investor Loan notes of £7,500,000 were issued during the year. The balance at the end of the period includes the principal amounts of the loans of £40,000,000 (2021: £32,500,000), and accrued interest of £9,599,097 (2021: £6,965,812) payable on redemption, less capitalised fees paid but not yet amortised.

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

The Investor Loan notes are issued at a fixed rate of interest of 8% on the first £20,000,000 drawn and 10% on loans drawn thereafter and are redeemable on 31 October 2023.

New Investor Loan notes of £5,000,000 were issued on 20 April 2022.

The Management Loan notes are issued interest free and are redeemable on 31 October 2023.

16. Deferred tax

The deferred tax asset (included in debtors, note 13) is made up as follows:

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Brought forward	388,300	548,904	-	-
Profit and loss account (note 9)	19,070	(160,604)	-	-
	<u>407,370</u>	<u>388,300</u>	<u>-</u>	<u>-</u>
Analysed as:				
Fixed asset timing differences	(2,136)	2,886	-	-
Other timing differences	9,283	-	-	-
Tax losses carried forward and other deductions	400,223	385,414	-	-
	<u>407,370</u>	<u>388,300</u>	<u>-</u>	<u>-</u>

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

17. Obligations under operating lease contracts

Group Only

	Land and Buildings	
	2022	2021
	£	£
Total of future minimum lease payments under non-cancellable operating leases:		
• Payable not later than one year	222,101	204,408
• later than one year and not later than five years	585,363	585,363
• Later than five years	187,909	334,150
	<u>995,373</u>	<u>1,123,921</u>

18. Called up share capital

Allotted, called-up and fully paid

	2022	2021
	£	£
58,800 Class A ordinary shares of £0.001 par value	59	59
13,230 Class B ordinary shares of £0.01 par value	132	132
1,470 Class C ordinary shares of £0.10 par value	147	147
26,500 Class D ordinary shares of £0.01 par value	265	265
Issued during the year	-	-
Carried forward	<u>603</u>	<u>603</u>

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

19. Subsidiary Undertakings

Set out below are the subsidiary undertakings of the Company, which are all incorporated in England and Wales. All shares held are voting ordinary equity shares.

Name of subsidiary:	Company registration number	Principal activity	Holding
IGF Group Services Limited	10078513	Holding company and management services.	100%

IGF Group Services Limited administers the employee contracts and, significantly, all of the assets, supplier relationships and lease agreements on behalf of Group companies. Below are the principal subsidiary undertakings of IGF Group Services Limited, which are all incorporated in England and Wales.

Name of subsidiary:	Company registration number	Principal activity	Holding
IGF Invoice Finance Limited *	02252311	Receivables finance, asset based lending and sales ledger management services.	100%
IGF Business Credit Limited	10078965	Receivables finance, asset based lending and sales ledger management services.	100%

* IGF Invoice Finance Limited holds 100% of the share capital in Lawson Brown Associates Limited, a dormant company not included within the Group consolidated accounts incorporated in England and Wales (registration number 05541188). The registered address of all subsidiary undertakings is Kingsgate, High Street, Redhill RH1 1SG.

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

20. Notes to the Consolidated Statement of Cash Flow

(a) Group only

	Note	2022 £	2021 £
Cash flows from operating activities was as follows:			
Loss on ordinary activities before taxation		(902,627)	(2,684,839)
Net interest payable	8	6,450,112	4,629,510
Operating Profit		5,547,485	1,944,671
Amortisation of intangible assets	11	41,245	79,807
Depreciation of tangible assets	12	47,495	72,908
(Increase) / Decrease in trade and other debtors	13	(65,662,496)	5,712,287
(Decrease) / Increase in trade and other creditors	14	(3,015,143)	6,113,633
Interest paid in respect of Finance facility	8	(1,975,463)	(1,152,042)
Corporation tax paid		(10,214)	-
Net cash (used) / generated from operating activities		(65,027,091)	12,771,264

(b) Analysis of changes in net debt

	At 31 Mar 2021 £	Cash flows £	At 31 Mar 2022 £
Cash and cash equivalents			
Cash	480,319	(354,018)	126,301
Cash-in-transit	(2,980,088)	1,067,634	(1,912,454)
	(2,499,769)	713,616	(1,786,153)
Borrowings			
Debt – amount falling due within one year	(68,239,246)	(60,072,602)	(128,311,849)
Total	(70,739,016)	(59,358,986)	(130,098,002)

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

21. Financial Instruments

Group only

	2022	2021
The Group's financial instruments may be analysed as follows:	£	£
Financial Assets:		
Assets measured at amortised cost	<u>172,368,670</u>	<u>106,763,001</u>
Financial Liabilities:		
Liabilities measured at amortised cost	<u>185,601,812</u>	<u>119,735,487</u>

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans and overdrafts, bank finance facility, investor loan notes, management loan notes, accruals, obligations under finance leases and other creditors.

22. Related party transactions

The Company has taken advantage of the provisions of paragraph 33.1A of FRS 102 not to disclose details of transactions with other Group undertakings which are 100% owned within the Group.

During the year the Company issued secured Investor Loan notes of £7,500,000 to Spring Ventures Group Investments Limited (2021: None). Fees of £262,500 were payable to Spring Ventures Group Investments Limited on issue of loan notes (2021: None). Interest paid or payable of £4,107,439 was incurred in respect of the Investor loan notes (2021: £3,244,922), payable to Spring Ventures Group Investments Limited.

During the year the Company paid £40,000 to Spring Ventures LLP for the provision of the services of Non-Executive Board Directors (2021: £40,000).

During the year the company redeemed a net £4,546 of unsecured Management loan notes from various Directors and Senior Managers in the Group (2021: receipts of £11,365). These loan notes are issued free of interest.

Details of the remuneration paid to key management is included in note 7.

Independent Growth Finance Limited

Notes forming part of the Financial Statements for the year ended 31 March 2022

23. Ultimate parent Company

The Company is the biggest and smallest entity in the Group to prepare consolidated financial statements.

At the reporting date, the immediate Parent Company is Spring Ventures Nominees Limited, a company incorporated in England and Wales, who own 60% and control 55.3% of the share capital of the Company as nominee for Spring Ventures Group Investments Limited, registered in the British Virgin Islands.