

Hamsard 3414 Limited

Annual Report and Consolidated Financial Statements
for the Year Ended 30 June 2020



Landmark Audit Limited
Chartered Accountants and Statutory Auditors
Leavesden Park
5 Hercules Way
Watford
Hertfordshire
WD25 7GS

Hamsard 3414 Limited

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Hamsard 3414 Limited

Company Information

Directors	D J Tilling
	N Errington
	D J Cottenden
	A K Taylor
	G V Blackburn
	D A Robertson
Company secretary	Speafi Secretarial Limited
Registered office	1 London Street
	Reading
	Berkshire
	RG1 4PN
Auditors	Landmark Audit Limited
	Chartered Accountants and Statutory Auditors
	Leavesden Park
	5 Hercules Way
	Watford
	Hertfordshire
	WD25 7GS

Hamsard 3414 Limited

Strategic Report for the Year Ended 30 June 2020

The directors present their strategic report for the year ended 30 June 2020.

Principal activity

The principal activity of the company is of a financial services holding company. Hamsard 3414 Limited is the ultimate parent company of Advantedge Commercial Finance Limited and Advantedge Commercial Finance (North) Limited.

Advantedge provide a wide range of invoice finance services to small and medium sized businesses.

Fair review of the business

The Directors are pleased to report that there has been another successful year for the group demonstrating strong growth during the year. The business has continued to increase turnover and profit accompanied by an appropriate strengthening of the operation team and systems.

Group mission

The company mission is to build a great company with great people and great results.

Outlook

Notwithstanding the slowing economic activity in the first half of the financial year we anticipate further positive growth in 2020/21. It is difficult to predict the economic impact of the Covid 19 outbreak. The immediate consequence has been a reduction in our new and existing lending volumes albeit they have started to rebuild through the 2nd quarter. Core revenues remain strong and business performance will be positively affected by any revival in the overall economic activity. The business and its products traditionally perform well through economic cycles, as such and we remain confident in our business model coupled with the expertise and experience of our colleagues and teams,

Our excellent relationship with Royal Bank of Scotland remains strong. In December 2018 we secured syndicated banking facilities with Royal Bank of Scotland and Lloyds Bank Commercial Banking, raising our facility to £100m, and we are optimistic further increases would be received well should it be necessary, in support of our continuing growth.

The directors feel that the company has strengthened in all aspects during the year including the unbroken stance on building reserves. We remain confident of continued development in the current period.

Principal risks and uncertainties

Land and Buildings

In the opinion of the directors, the market value of land and building is not substantially different to the balance sheet value.

Company's policy for payment of creditors

The company pays all invoices in the month they are received unless the supplier offers fixed instalment settlement.

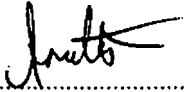
Currency risk

The company operates solely in the UK but has some clients who have foreign currency invoices. The company therefore has a need to have foreign currency bank accounts. The company does not currently hedge such foreign currency cash flows and as a consequence is exposed through fluctuations in foreign exchange rates.

Hamsard 3414 Limited

Strategic Report for the Year Ended 30 June 2020

Approved by the Board on 12 November 2020 and signed on its behalf by:



.....
A K Taylor
Director

Hamsard 3414 Limited

Directors' Report for the Year Ended 30 June 2020

The directors present their report and the for the year ended 30 June 2020.

Directors of the group

The directors who held office during the year were as follows:

D J Tilling

N Errington

J D L Gregory (resigned 30 June 2020)

D J Cottenden

A K Taylor (appointed 28 October 2019)

G V Blackburn (appointed 30 June 2020)

D A Robertson

Objectives and policies

Environment

The company's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements and new ways of multi-functional working. Employee's performance is aligned to our goals through a performance review process that is carried out with all employees.

Price risk, credit risk, liquidity risk and cash flow risk

Credit risk

The company has a strict credit approval policy which is applied to all clients to minimise the risk of bad debts. All clients have a detailed contract to reduce the exposure of the company to credit risk.

Interest rate risk

The company uses financial instruments to facilitate onward lending which are subject to variable interest rates. The company minimises interest rate risk by passing on any increased rate costs to customers in accordance with their factoring agreement.

Statement of directors' responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

Hamsard 3414 Limited

Directors' Report for the Year Ended 30 June 2020

- 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

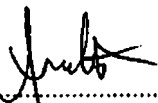
Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

The auditors Landmark Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 12 November 2020 and signed on its behalf by:



.....
A K Taylor
Director

Hamsard 3414 Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Hamsard 3414 Limited

Independent Auditor's Report to the Members of Hamsard 3414 Limited

Opinion

We have audited the financial statements of Hamsard 3414 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2020, which comprise the Consolidated Profit and Loss Account and Statement of Retained Earnings, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Cash Flows, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2020 and of the group's 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 group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Hamsard 3414 Limited

Independent Auditor's Report to the Members of Hamsard 3414 Limited

Opinion on other matter 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where 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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities [set out on page 4], 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Hamsard 3414 Limited

Independent Auditor's Report to the Members of Hamsard 3414 Limited

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



Philip Cole FCA (Senior Statutory Auditor)
For and on behalf of Landmark Audit Limited
Chartered Accountants
Statutory Auditors
Leavesden Park
5 Hercules Way
Watford
Hertfordshire
WD25 7GS

12 November 2020

Hamsard 3414 Limited

Consolidated Profit and Loss Account and Statement of Retained Earnings for the Year Ended 30 June 2020

	Note	2020 £	2019 £
Turnover	3	18,221,457	15,983,948
Administrative expenses		(12,625,953)	(10,715,943)
Other operating income	4	<u>55,287</u>	<u>-</u>
Operating profit	5	<u>5,650,791</u>	<u>5,268,005</u>
Other interest receivable and similar income		126	-
Interest payable and similar charges	6	<u>(2,049,828)</u>	<u>(2,066,843)</u>
		<u>(2,049,702)</u>	<u>(2,066,843)</u>
Profit before tax		3,601,089	3,201,162
Taxation	10	<u>(790,201)</u>	<u>(691,035)</u>
Profit for the financial year		<u>2,810,888</u>	<u>2,510,127</u>
Profit/(loss) attributable to:			
Owners of the company		<u>2,810,888</u>	<u>2,510,127</u>
Retained earnings brought forward		<u>5,213,564</u>	<u>2,703,437</u>
Retained earnings carried forward		<u>8,024,452</u>	<u>5,213,564</u>

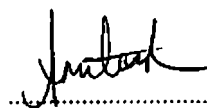
The notes on pages 14 to 25 form an integral part of these financial statements.

Hamsard 3414 Limited

(Registration number: 10241426) Consolidated Balance Sheet as at 30 June 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	2,121,432	2,452,488
Tangible assets	12	<u>447,129</u>	<u>493,912</u>
		<u>2,568,561</u>	<u>2,946,400</u>
Current assets			
Debtors	14	51,582,478	77,837,427
Cash at bank and in hand		<u>1,040,481</u>	<u>298,391</u>
		52,622,959	78,135,818
Creditors: Amounts falling due within one year	16	<u>(36,571,068)</u>	<u>(65,272,654)</u>
Net current assets		<u>16,051,891</u>	<u>12,863,164</u>
Total assets less current liabilities		18,620,452	15,809,564
Creditors: Amounts falling due after more than one year	16	<u>(7,326,732)</u>	<u>(7,326,732)</u>
Net assets		<u>11,293,720</u>	<u>8,482,832</u>
Capital and reserves			
Called up share capital	18	349,337	349,337
Share premium reserve		2,919,931	2,919,931
Profit and loss account		<u>8,024,452</u>	<u>5,213,564</u>
Equity attributable to owners of the company		<u>11,293,720</u>	<u>8,482,832</u>
Total equity		<u>11,293,720</u>	<u>8,482,832</u>

Approved and authorised by the Board on 12 November 2020 and signed on its behalf by:



A K Taylor
Director

Hamsard 3414 Limited

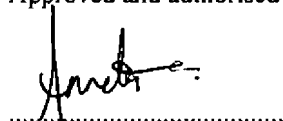
(Registration number: 10241426)

Balance Sheet as at 30 June 2020

	Note	2020	2019
		£	£
Fixed assets			
Investments	13	100	100
Current assets			
Debtors	14	3,773,005	3,627,479
Creditors: Amounts falling due within one year	16	<u>(1,700)</u>	<u>(1,700)</u>
Net current assets		<u>3,771,305</u>	<u>3,625,779</u>
Net assets		<u>3,771,405</u>	<u>3,625,879</u>
Capital and reserves			
Called up share capital	18	349,337	349,337
Share premium reserve		2,919,931	2,919,931
Profit and loss account		<u>502,137</u>	<u>356,611</u>
Total equity		<u>3,771,405</u>	<u>3,625,879</u>

The company made a profit after tax for the financial year of £145,525.

Approved and authorised by the Board on 12 November 2020 and signed on its behalf by:



A K Taylor
Director

The notes on pages 14 to 25 form an integral part of these financial statements.

Hamsard 3414 Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		2,810,888	2,510,127
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	353,177	388,658
Finance income		(126)	-
Finance costs	6	2,049,828	2,066,843
Income tax expense	10	790,201	691,035
		<u>6,003,968</u>	<u>5,656,663</u>
Working capital adjustments			
Decrease/(increase) in trade debtors	14	24,645,274	(20,193,067)
Increase/(decrease) in trade creditors	16	2,480,679	(204,521)
		<u>33,129,921</u>	<u>(14,740,925)</u>
Cash generated from operations			
Income taxes paid		<u>(807,945)</u>	<u>(653,439)</u>
Net cash flow from operating activities		<u>32,321,976</u>	<u>(15,394,364)</u>
Cash flows from investing activities			
Interest received		126	-
Acquisitions of tangible assets		(25,338)	(133,470)
Acquisition of intangible assets	11	<u>(50,000)</u>	<u>(425,000)</u>
Net cash flows from investing activities		<u>(75,212)</u>	<u>(558,470)</u>
Cash flows from financing activities			
Interest paid	6	(2,107,836)	(2,060,763)
Proceeds from bank borrowing draw downs		-	18,408,086
Repayment of bank borrowing		<u>(29,996,373)</u>	<u>(38,123)</u>
Net cash flows from financing activities		<u>(32,104,209)</u>	<u>16,309,200</u>
Net increase in cash and cash equivalents		142,555	356,366
Cash and cash equivalents at 1 July		298,391	(55,678)
Effect of exchange rate fluctuations on cash held		<u>58,008</u>	<u>(2,297)</u>
Cash and cash equivalents at 30 June		<u>498,954</u>	<u>298,391</u>

The notes on pages 14 to 25 form an integral part of these financial statements.

Hamsard 3414 Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

1 London Street
Reading
Berkshire
RG1 4PN
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentational currency of these accounts is pound sterling. The level of rounding is to the nearest one pound.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June 2020.

Hamsard 3414 Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the group's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Hamsard 3414 Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

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 the countries where the group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

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

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

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	10 to 50 years straight line
Furniture, fittings and equipment	5 years straight line
Motor vehicles	4 years straight line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10 years straight line

Hamsard 3414 Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Creditors

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

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

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

Hamsard 3414 Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments.

Recognition and measurement

Basic financial instruments are recognised at amortised cost.

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2020	2019
	£	£
Rendering of services	<u>18,221,457</u>	<u>15,983,948</u>

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2020	2019
	£	£
Miscellaneous other operating income	<u>55,287</u>	<u>-</u>

5 Operating profit

Arrived at after charging/(crediting)

	2020	2019
	£	£
Depreciation expense	72,121	63,887
Amortisation expense	<u>281,056</u>	<u>324,771</u>

6 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and borrowings	1,443,633	1,399,263
Interest expense on other finance liabilities	664,203	665,283
Foreign exchange (gains) / losses	<u>(58,008)</u>	<u>2,297</u>
	<u>2,049,828</u>	<u>2,066,843</u>

Hamsard 3414 Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£	£
Wages and salaries	5,579,267	4,258,862
Social security costs	583,203	514,835
Pension costs, defined contribution scheme	271,971	225,662
Other employee expense	413,446	301,613
	<u>6,847,887</u>	<u>5,300,972</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2020	2019
	No.	No.
Administration and support	<u>113</u>	<u>101</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£	£
Remuneration	778,250	513,119
Contributions paid to money purchase schemes	38,753	33,862
	<u>817,003</u>	<u>546,981</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2020	2019
	No.	No.
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>3</u>

9 Auditors' remuneration

	2020	2019
	£	£
Audit of these financial statements	<u>43,000</u>	<u>43,000</u>
Other fees to auditors		
Taxation compliance services	2,250	2,250
All other assurance services	7,354	12,727
	<u>9,604</u>	<u>14,977</u>

Hamsard 3414 Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

10 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	790,201	680,274
UK corporation tax adjustment to prior periods	<u>-</u>	<u>869</u>
	790,201	681,143
Deferred taxation		
Arising from origination and reversal of timing differences	<u>-</u>	<u>9,892</u>
Tax expense in the income statement	<u><u>790,201</u></u>	<u><u>691,035</u></u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>3,601,089</u>	<u>3,201,162</u>
Corporation tax at standard rate	684,207	608,221
Effect of expense not deductible in determining taxable profit (tax loss)	65,468	21,966
Increase in UK and foreign current tax from adjustment for prior periods	-	869
Tax increase from effect of capital allowances and depreciation	40,526	52,067
Tax increase from other short-term timing differences	-	9,892
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>-</u>	<u>(1,980)</u>
Total tax charge	<u><u>790,201</u></u>	<u><u>691,035</u></u>

Hamsard 3414 Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

11 Intangible assets

Group

	Goodwill £	Total £
Cost or valuation		
At 1 July 2019	3,247,711	3,247,711
Revaluations	<u>(50,000)</u>	<u>(50,000)</u>
At 30 June 2020	<u>3,197,711</u>	<u>3,197,711</u>
Amortisation		
At 1 July 2019	795,223	795,223
Amortisation charge	<u>281,056</u>	<u>281,056</u>
At 30 June 2020	<u>1,076,279</u>	<u>1,076,279</u>
Carrying amount		
At 30 June 2020	<u>2,121,432</u>	<u>2,121,432</u>
At 30 June 2019	<u>2,452,488</u>	<u>2,452,488</u>

12 Tangible assets

Group

	Land and buildings £	Office equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 July 2019	509,478	191,608	36,000	737,086
Additions	2,078	23,260	-	25,338
Disposals	<u>-</u>	<u>(7,658)</u>	<u>-</u>	<u>(7,658)</u>
At 30 June 2020	<u>511,556</u>	<u>207,210</u>	<u>36,000</u>	<u>754,766</u>
Depreciation				
At 1 July 2019	140,498	75,301	27,375	243,174
Charge for the year	29,396	34,100	8,625	72,121
Eliminated on disposal	<u>-</u>	<u>(7,658)</u>	<u>-</u>	<u>(7,658)</u>
At 30 June 2020	<u>169,894</u>	<u>101,743</u>	<u>36,000</u>	<u>307,637</u>
Carrying amount				
At 30 June 2020	<u>341,662</u>	<u>105,467</u>	<u>-</u>	<u>447,129</u>
At 30 June 2019	<u>368,980</u>	<u>116,307</u>	<u>8,625</u>	<u>493,912</u>

Included within the net book value of land and buildings above is £341,662 (2019 - £368,980) in respect of freehold land and buildings.

Hamsard 3414 Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

13 Investments

Group

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	
		2020	2019
Subsidiary undertakings			
Hamsard 3415 Limited*	Ordinary	100%	100%
Advantage Commercial Finance Limited	Ordinary	100%	100%
Advantage Commercial Finance (North) Limited	Ordinary	100%	100%
Factor 21 Limited	Ordinary	100%	100%

* indicates direct investment of the company

Company

	2020 £	2019 £
Investments in subsidiaries	100	100
Subsidiaries		£
Cost or valuation		
At 1 July 2019		100
Carrying amount		
At 30 June 2020		100
At 30 June 2019		100

Hamsard 3414 Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

14 Debtors

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	50,714,526	76,874,123	-	-
Amounts owed by related parties	-	-	3,773,005	3,627,479
Other debtors	3,850	4,118	-	-
Prepayments	849,483	944,567	-	-
Accrued income	14,619	14,619	-	-
	<u>51,582,478</u>	<u>77,837,427</u>	<u>3,773,005</u>	<u>3,627,479</u>
Less non-current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,627,479)</u>
	<u>51,582,478</u>	<u>77,837,427</u>	<u>3,773,005</u>	<u>-</u>

15 Cash and cash equivalents

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Cash at bank	1,040,481	298,391	-	-
Bank overdrafts	<u>(541,527)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents in statement of cash flows	<u>498,954</u>	<u>298,391</u>	<u>-</u>	<u>-</u>

16 Creditors

		Group		Company	
	Note	2020 £	2019 £	2020 £	2019 £
Due within one year					
Loans and borrowings	19	33,638,009	63,092,853	-	-
Trade creditors		378,740	323,754	-	-
Amounts due to related parties		-	-	200	200
Social security and other taxes		673,301	820,474	-	-
Other payables		8	936	-	-
Accruals		1,556,842	693,735	1,500	1,500
Income tax liability	10	<u>324,168</u>	<u>340,902</u>	<u>-</u>	<u>-</u>
		<u>36,571,068</u>	<u>65,272,654</u>	<u>1,700</u>	<u>1,700</u>
Due after one year					
Loans and borrowings	19	<u>7,326,732</u>	<u>7,326,732</u>	<u>-</u>	<u>-</u>

Hamsard 3414 Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

17 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £271,971 (2019 - £225,662).

18 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary of £0.10 each	1,321,596	132,159.60	1,321,596	132,159.60
A Ordinary of £0.10 each	1,361,140	136,114.00	1,361,140	136,114.00
B Ordinary of £0.60 each	45,000	27,000.00	45,000	27,000.00
A Preference of £0.10 each	540,532	54,053.20	540,532	54,053.20
B Preference of £0.10 each	100	10.00	100	10.00
	<u>3,268,368</u>	<u>349,337</u>	<u>3,268,368</u>	<u>349,337</u>

19 Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Non-current loans and borrowings				
Other borrowings	<u>7,326,732</u>	<u>7,326,732</u>	<u>-</u>	<u>-</u>
Current loans and borrowings				
Bank borrowings	33,096,482	63,092,853	-	-
Bank overdrafts	<u>541,527</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>33,638,009</u>	<u>63,092,853</u>	<u>-</u>	<u>-</u>

Hamsard 3414 Limited

Notes to the Financial Statements for the Year Ended 30 June 2020

20 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	39,250	185,877
Later than one year and not later than five years	46,667	66,667
	<u>85,917</u>	<u>252,544</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £323,997 (2019 - £206,081).

21 Related party transactions

Group

Summary of transactions with entities with joint control or significant interest

Entities with significant influence

The group issued a loan note to entities with significant influence during the period ended 30 June 2017. The loan note is repayable in 2021 and has a 9% interest charge.

Loans from related parties

	Entities with joint control or significant influence £	Total £
2020		
At start of period	7,326,732	7,326,732
Repaid	(659,406)	(659,406)
Interest transactions	659,406	659,406
At end of period	<u>7,326,732</u>	<u>7,326,732</u>
	Entities with joint control or significant influence £	Total £
2019		
At start of period	7,326,732	7,326,732
Repaid	(659,406)	(659,406)
Interest transactions	659,406	659,406
At end of period	<u>7,326,732</u>	<u>7,326,732</u>