

JEFFERSON CAPITAL LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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COMPANY INFORMATION

Directors	F Shakhidi K Shakhidi
Registered number	10338132
Registered office	Level 39 One Canada Square London E14 5AB
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2021**

Introduction

The business was incorporated in August 2016 to provide optimal and efficient custody and administration solutions and manage proprietary assets for its principals. The firm obtained its FCA licence in May 2017. Business has significantly developed its activities in areas that are not falling into a regulatory scope. Few important relationships were set up. The company has on-boarded one CF30 and is working towards onboarding another CF1 candidate in line with its corporate governance and management plans. The company is still successfully engaged with one corporate client based in Singapore. Several other potential clients are currently in the pipeline.

Business review

During the financial year ending the 31 August 2021, the company made sales of £1,094,089 (2020: £470,689) and an operating profit of £429,904 (2020: £90,079).

Jefferson Capital plans to continue to grow its business by:

Entering into additional contracts with new customers.

Principal risks and uncertainties

The principal risks and uncertainties of the business relate to being regulated by the Financial Conduct Authority. Failure to comply with the regulatory requirements could lead to fines or other disciplinary action. Management ensures that there is a high level of compliance procedures, policies and systems in place and that the company constantly monitors performance to ensure that it is fully compliant at all times. Management monitors changes in regulation, assesses the impact that any changes may have on the business and plans to ensure they have sufficient resources to implement those changes.

The financial instruments used by the company arise wholly and directly from its activities and comprise of debtors, cash at bank and creditors. The main credit risk to which the company is exposed to is in respect of its debtors. However, to date Jefferson Capital has received swift repayment and thus this risk is considered to be mitigated. Liquidity risks are not considered material as the company always has sufficient liquidity within the business to meet its obligations on a day to day basis. The financial risk arising from the possible non-advance of credit by the company's trade creditors, either by exceeding the credit limit or not paying within the specified terms, is managed by prompt payment and regularly monitoring of the trade balance and credit limit terms for all suppliers. The financial risks arising from these financial instruments are considered low because of the nature of the industry structure, its culture and its oversight by the Financial Conduct Authority. The company proactively manages all aspects of its work in order to either remove or reduce any financial risks.

Financial key performance indicators

The key financial performance indicator for the company is the volume of new clients it engages. Non-financial performance indicators for the company include customer satisfaction and staff morale.

Other key performance indicators

Key performance indicators are maintained across all parts of the business to ensure we are constantly monitoring and challenging our results.

**Statement by the directors on performance of their statutory duties in accordance with S172 (1)
Companies Act 2006**

The board of directors of Jefferson Capital Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole in decisions taken during the year ended 31 August 2021. In particular:

- Our plan was designed to have a long term beneficial impact on the company and to contribute to its success in delivering a better quality of service at a fair and transparent price.
- Our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well being of our employees is one of our primary considerations in the way we conduct business.
- The satisfaction of our clients are one of the principal key performance indicators for the directors. Reports are made to the directors on prospective and actual clients, and business development.
- We work with our suppliers to help drive change in our organisation through promoting new ideas and ways of working, whilst working with our suppliers to ensure that they reflect the same values and behaviours that we expect from our own people. The board has oversight of the procurement and contract management processes in place and receives regular updates on any matters of significance.
- As well as customers and suppliers, we seek to build strong relationships with other key stakeholders in the areas in which we operate. Our directors take an active interest in these connections and participate where possible in building such relationships. The company is authorised by the FCA and the directors are conscious of their responsibility to the regulators. The directors receive regular reports from the firm's internal Compliance Officer.
- The directors recognise the importance of the company's role in managing social, economic and environmental issues in the course of running its business.
- As the board of directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan. The intention is to nurture our reputation, through both the construction and delivery of our plan, that reflects our responsible behaviour.
- As the board of directors, our intention is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.

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

F Shakhidi
Director

Date: 15 August 2022

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

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

Principal activity

The principal activity of the company continued to be that of investment advice.

Results and dividends

The profit for the year, after taxation, amounted to £347,383 (2020 -£76,312).

Ordinary interim dividends were paid amounting to £40,000 (2020: £Nil). The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year were:

F Shakhidi
K Shakhidi

Future developments

Jefferson Capital Limited business plan is to focus on providing the very best possible client service experience and to build long-term relationships with our current and new customers. Jefferson Capital Limited prides itself on providing clients with the highest quality objective recommendations and exceptional personalised service from our experienced advisors.

Matters covered in the Strategic report

As permitted by s414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

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

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

F Shakhidi
Director

Date: 15 August 2022

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

The directors are responsible for preparing the strategic report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments 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;
- 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 to 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JEFFERSON CAPITAL LTD
FOR THE YEAR ENDED 31 AUGUST 2021**

Opinion

We have audited the financial statements of Jefferson Capital Ltd (the 'company') for the year ended 31 August 2021, which comprise the profit and loss account, the balance sheet, the statement of cash flows, the statement of changes in equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 company's affairs as at 31 August 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JEFFERSON CAPITAL LTD (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, and non-compliance with laws and regulations, our procedures included the following: enquiring of management concerning the Company's policies with regards to identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; enquiring of management concerning the Company's policies for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; enquiring of management concerning the Company's policies in relation to the internal controls established to mitigate risks related to fraud or non-compliance with

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JEFFERSON CAPITAL LTD (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

laws and regulations; discussing among the engagement team where fraud might occur in the financial statements and any potential indicators of fraud; and obtaining an understanding of the legal and regulatory framework that the Company operates in and focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act 2006, the Financial Services and Markets Act 2000 and applicable tax legislation.

One particular focus area was the risk of fraud through management override of controls. Our procedures to respond to risks identified included the following: performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; reviewing the bank statements of the Company for evidence of any large or unusual activity which may be indicative of fraud; enquiring of management in relation to any potential litigation and claims; and testing the appropriateness of journal entries and other adjustments.

Another focus area was non-compliance with the rules of the Financial Conduct Authority ('the FCA'). The Company was authorised and regulated by the FCA throughout the year. Our procedures to respond to risks identified included the following: reviewing correspondence between the Company and the FCA, performing analytical review to detect receipts of client money and remaining alert to the possibility of accidental receipt of client monies; and discussion of regulatory matters with the appointed officers of the Company.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Shaun Melvin (senior statutory auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants

Statutory Auditor

16 Great Queen Street

Covent Garden

London

WC2B 5AH

16 August 2022

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	2021 £	2020 £
Turnover	4	1,094,089	470,689
Gross profit		1,094,089	470,689
Administrative expenses		(664,185)	(389,393)
Other operating income	5	-	8,783
Operating profit	6	429,904	90,079
Interest receivable and similar income	10	29	131
Profit before taxation		429,933	90,210
Tax on profit	11	(82,550)	(13,898)
Profit for the financial year		347,383	76,312

There are no items of other comprehensive income for either the year or the prior year other than the profit for the year. Accordingly, no statement of other comprehensive income has been presented.

JEFFERSON CAPITAL LTD

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	536	1,289
Current assets			
Debtors: amounts falling due within one year	14	414,424	103,067
Cash at bank and in hand	15	215,043	176,818
		<u>629,467</u>	<u>279,885</u>
Creditors: amounts falling due within one year	16	(169,857)	(128,411)
Net current assets		<u>459,610</u>	<u>151,474</u>
Total assets less current liabilities		<u>460,146</u>	<u>152,763</u>
Net assets		<u>460,146</u>	<u>152,763</u>
Capital and reserves			
Called up share capital	17	104,000	104,000
Profit and loss account	18	356,146	48,763
Total equity		<u>460,146</u>	<u>152,763</u>

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

F Shakhidi
Director

Date: 15 August 2022

The notes on pages 13 to 24 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 September 2019	104,000	(27,549)	76,451
Comprehensive income for the year			
Profit for the financial year	-	76,312	76,312
Total comprehensive income for the year	-	76,312	76,312
At 1 September 2020	104,000	48,763	152,763
Comprehensive income for the year			
Profit for the financial year	-	347,383	347,383
Total comprehensive income for the year	-	347,383	347,383
Dividends: Equity capital	-	(40,000)	(40,000)
Total transactions with owners	-	(40,000)	(40,000)
At 31 August 2021	104,000	356,146	460,146

The notes on pages 13 to 24 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	347,383	76,312
Adjustments for:		
Depreciation of tangible assets	753	1,058
Interest received	(29)	(131)
Taxation charge	82,550	13,898
Increase in debtors	(311,357)	(76,749)
(Decrease)/increase in creditors	(27,205)	97,951
Corporation tax paid	(13,899)	-
Net cash generated from operating activities	<u>78,196</u>	<u>112,339</u>
Cash flows from investing activities		
Interest received	29	131
Net cash from investing activities	<u>29</u>	<u>131</u>
Cash flows from financing activities		
Dividends paid	(40,000)	-
Net cash used in financing activities	<u>(40,000)</u>	<u>-</u>
Net increase in cash and cash equivalents	38,225	112,470
Cash and cash equivalents at beginning of year	176,818	64,348
Cash and cash equivalents at the end of year	<u><u>215,043</u></u>	<u><u>176,818</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	215,043	176,818
	<u><u>215,043</u></u>	<u><u>176,818</u></u>

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

1. General information

Jefferson Capital Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is Level 39, One Canada Square, London, E14 5AB.

The financial statements are presented in Sterling (£), which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

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

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

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

Government grants comprise amounts received or receivable from HM Revenue and Customs for employees on the furlough scheme under the Coronavirus Job Retention Scheme. These are recognised in the period in which they become receivable.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)

2.8 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2. Accounting policies (continued)**2.9 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

Plant and machinery	-	25%	straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)**2.12 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Consultancy services	<u>1,094,089</u>	<u>470,689</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	311,275	369,904
Rest of Europe	404,627	-
Rest of the world	378,187	100,785
	<u>1,094,089</u>	<u>470,689</u>

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

5. Other operating income

	2021	2020
	£	£
Government grants receivable	<u>-</u>	<u>8,783</u>

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets	753	1,058
Foreign exchange losses/(gains)	1,548	(2,379)
Operating lease charges	<u>63,980</u>	<u>58,411</u>

7. Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>6,500</u>	<u>6,500</u>

Fees payable to the company's auditor and its associates in respect of:

All other services	<u>6,804</u>	<u>6,804</u>
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	320,102	189,833
Social security costs	31,713	14,999
	<u>351,815</u>	<u>204,832</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Management	1	1
Other staff	6	5
	<u>7</u>	<u>6</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>78,333</u>	<u>40,000</u>

Total remuneration in respect of the key management personnel relates solely to the directors' remuneration.

10. Interest receivable

	2021 £	2020 £
Interest on bank deposits	<u>29</u>	<u>131</u>

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

11. Taxation

	2021 £	2020 £
Current tax		
UK Corporation tax	82,550	13,898
	<u>82,550</u>	<u>13,898</u>
Total current tax	<u><u>82,550</u></u>	<u><u>13,898</u></u>

Factors affecting tax charge for the year

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

	2021 £	2020 £
Profit on ordinary activities before tax	<u>429,933</u>	<u>90,210</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	81,687	17,140
Effects of:		
Expenses not deductible for tax purposes	120	368
Capital allowances for year in excess of depreciation	-	(25)
Utilisation of tax losses	-	(3,811)
Other timing differences leading to an increase in taxation	594	-
Non-taxable income	6	25
Depreciation on assets not qualifying for tax allowances	143	201
Total tax charge for the year	<u><u>82,550</u></u>	<u><u>13,898</u></u>

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

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

12. Dividends

	2021 £	2020 £
Dividends	<u>40,000</u>	<u>-</u>

13. Tangible fixed assets

	Plant and machinery £
Cost	
At 1 September 2020	4,232
At 31 August 2021	<u>4,232</u>
Depreciation	
At 1 September 2020	2,943
Charge for the year on owned assets	753
At 31 August 2021	<u>3,696</u>
Net book value	
At 31 August 2021	<u>536</u>
At 31 August 2020	<u>1,289</u>

14. Debtors

	2021 £	2020 £
Trade debtors	10,451	62,743
Other debtors	240,697	29,342
Prepayments and accrued income	163,276	10,982
	<u>414,424</u>	<u>103,067</u>

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

15. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>215,043</u>	<u>176,818</u>

16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	23,832	62,385
Corporation tax	82,549	13,898
Other taxation and social security	8,081	18,506
Other creditors	-	16,614
Accruals and deferred income	55,395	17,008
	<u>169,857</u>	<u>128,411</u>

17. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
104,000 (2020 -104,000) Ordinary shares of £1.00 each	<u>104,000</u>	<u>104,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

18. Reserves**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

19. Analysis of net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	<u>176,818</u>	<u>38,225</u>	<u>215,043</u>

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

20. Commitments under operating leases

At 31 August 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	<u>-</u>	<u>56,508</u>

21. Related party transactions

Included within other debtors is an amount of £1,849 (2020: £1,849) due from a director. The loan is provided interest free and is unsecured. There are no formal terms and conditions regarding repayment of the loan.

During the year the company charged total fees of £303,821 (2020: £181,141) from companies in which the directors have significant influence. No amounts were outstanding as at the balance sheet date.

Other debtors due within one year include loans of £225,274 (2020: £nil) advanced to a company under common control.

22. Post balance sheet events

On 3 September 2021, the company entered into a lease agreement for a 12 month period. The total operating lease commitment under this agreement, which is wholly payable within 1 year is £60,000.

23. Controlling party

The company is jointly controlled by the directors of the company.

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