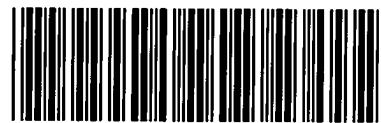


REGISTERED NUMBER: 11234444 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
HS CREDIT (MANCHESTER) LTD**

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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HS CREDIT (MANCHESTER) LTD
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS: Chong Yim, Thai
Yee Leng, Cheah

SECRETARY: TMF Corporate Administration Services Limited

REGISTERED OFFICE: 7-8 Brighton Road
Stockport
Cheshire
United Kingdom
SK4 2BE

REGISTERED NUMBER: 11234444 (England and Wales)

SENIOR STATUTORY AUDITOR: Vijaya Sena Herath

INDEPENDENT AUDITORS: Herath Associates Limited, Statutory Auditor
Chartered Certified Accountants
24 Chiltern Business Centre
63 - 65 Woodside Road
Amersham
Buckinghamshire
HP6 6AA

BANKERS: HSBC Bank PLC
62-76 Park Street
London
SE1 9DZ

HS CREDIT (MANCHESTER) LTD (REGISTERED NUMBER: 11234444)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their strategic report for the year ended 31 December 2022.

REVIEW OF BUSINESS

HS Credit (Manchester) Ltd ("the company") is a wholly owned subsidiary of HSC Manchester Holding Pte Ltd (incorporated in Singapore). The intermediate holding company is HSC International Limited (incorporated in Labuan, Malaysia) and the penultimate holding company is Hap Seng Consolidated Berhad (incorporated in Malaysia). The ultimate holding company is Gek Poh (Holdings) Sdn Bhd (incorporated in Malaysia).

Results

The results of the company, as set out on page 9, show a profit for the year of £986,142 (2021: £Nil) on the back of a revenue of £1,244,955 (2021: £Nil). As at 31 December 2022, the company had net assets of £50,986,142 (2021: £1).

The company continued with its objective of investing for growth in 2022, with a specific focus on investment in people and technology. The benefit of all the investment is demonstrated by the growth in revenue and the loan book. The company is committed to continue with its investment in people and technology in 2023 and beyond.

Future developments

The company's strong balance sheet places it in a comfortable position to be selective in considering applications from potential low risk borrowers. This strategy will ensure that the company grows its loan book whilst at the same time mitigate any potential loan defaults.

PRINCIPAL RISKS AND UNCERTAINTIES

In common with every business, the company is open to exposure from certain risks which could affect our ability to be successful. The board and management team regularly review these risks to assess whether the controls are operating effectively and whether the strategy is being implemented within the agreed risk appetite.

The principal risks and uncertainties (including financial risks) impacting the company are considered below.

Economic risk

The company has an exposure to economic risk in respect of its trading performance and the recoverability of its loan assets. The headline rate of CPI inflation in the UK rose from 5.5% at the start of the year to a peak of 11.1% in October, before falling back to 10.5% in December 2022. As a result of higher inflation, the Monetary Policy Committee of the Bank of England had gradually increased the Bank Base rate over the year to curb the inflationary rises in the UK economy. The effects of the increased base rate will see the UK headline rate of CPI inflation falling to under 4% by the end of 2023 and reach its 2% target sustainably in the medium term. The outlook for inflation is uncertain however, with the Bank of England highlighting upside risks, especially around persistent inflationary pressure from average earnings growth and services inflation. The current Bank base rate is set at 4%.

The rising base rates could impact on the affordability and level of arrears in the lending book with a resulting impact on the profitability of the company. The board and management monitor the company's exposure to economic risk through reviews of economic forecasts and careful monitoring of the arrears experience and trends in the loan book.

Credit/counterparty risk

The company has an exposure to credit risk in respect of loans and receivables, which is the risk the customer will be unable to pay the amounts in full as they fall due. Provisions are made to provide for losses that have been incurred or are foreseen at the balance sheet date in respect of loans advanced prior to the balance sheet date. A mitigating factor in addressing credit risk is that the company's policy on Loan to Value ratio is relatively low.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company actively monitors its cash flows and expected liabilities and ensures that it has the resources to meet its liabilities as they fall due at all times.

HS CREDIT (MANCHESTER) LTD (REGISTERED NUMBER: 11234444)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

KEY PERFORMANCE INDICATORS

The key performance indicators ("KPIs") used to monitor and manage the company's performance are set out below:

	<u>2022</u>	<u>2021</u>
	£	£
Revenue	1,244,955	-
Profit for the year	986,142	-
Net cash outflow from operating and investing activities	(19,359,972)	-
Number of loans at year end	8	-

The directors and management of the company monitor the operating expenses in order to effectively manage the activities of the company.

ON BEHALF OF THE BOARD:



Chong Yim, Thai - Director

16 March 2023

HS CREDIT (MANCHESTER) LTD (REGISTERED NUMBER: 11234444)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was the provision of term loans.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

Chong Yim, Thai

Yee Leng, Cheah

GOING CONCERN

The directors consider the company to be a going concern and the financial statements are prepared on this basis. Details of the directors' assessment and expectation are shown in note 2 of the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

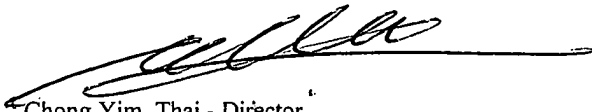
HS CREDIT (MANCHESTER) LTD (REGISTERED NUMBER: 11234444)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

AUDITOR

The auditor, Herath Associates Limited, will be considered for reappointment in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:



Chong Yim, Thai - Director

16 March 2023

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HS CREDIT (MANCHESTER) LTD**

Opinion

We have audited the financial statements of HS Credit (Manchester) Ltd (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statement 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include 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 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HS CREDIT (MANCHESTER) LTD**

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 Report of the Directors.

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, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006 provisions and FRS 101 "Reduced Disclosure Framework".
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance matters.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls established to address risks identified to prevent or detect fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of management and key staff members. We also tested controls and performed procedures to respond to the fraud risk as identified in our audit plan.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HS CREDIT (MANCHESTER) LTD**

Auditor's responsibilities for the audit of the financial statements - continued

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

A further description of our responsibilities 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.



Vijaya Sena Herath (Senior Statutory Auditor)
for and on behalf of Herath Associates Limited, Statutory Auditor
Amersham
Buckinghamshire
HP6 6AA

16 March 2023

HS CREDIT (MANCHESTER) LTD (REGISTERED NUMBER: 11234444)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	Year Ended 31.12.22 £	Year Ended 31.12.21 £
REVENUE	3	1,244,955	-
Administrative expenses		<u>(144,282)</u>	<u>-</u>
OPERATING PROFIT		1,100,673	-
Interest receivable and similar income	5	190,753	-
Net loss on impairment of financial instruments		<u>(61,214)</u>	<u>-</u>
PROFIT BEFORE TAXATION	6	1,230,212	-
Tax on profit	7	<u>(244,070)</u>	<u>-</u>
PROFIT FOR THE YEAR		<u><u>986,142</u></u>	<u><u>-</u></u>

The notes form part of these financial statements

HS CREDIT (MANCHESTER) LTD (REGISTERED NUMBER: 11234444)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	Year Ended 31.12.22 £	Year Ended 31.12.21 £
PROFIT FOR THE YEAR		986,142	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		<u>986,142</u>	<u>-</u>

The notes form part of these financial statements

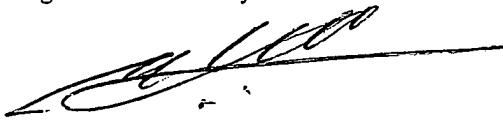
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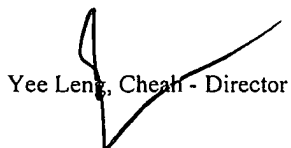
**BALANCE SHEET
31 DECEMBER 2022**

	Notes	31.12.22 £	£	31.12.21 £	£
FIXED ASSETS					
Tangible assets	8		7,150		-
CURRENT ASSETS					
Debtors	9	20,365,564		-	
Cash at bank		30,640,028		1	
Current tax assets		<u>5,930</u>		<u>-</u>	
		51,011,522		1	
CREDITORS					
Amounts falling due within one year	10	<u>32,530</u>		<u>-</u>	
NET CURRENT ASSETS			<u>50,978,992</u>		<u>1</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>50,986,142</u>		<u>1</u>
CAPITAL AND RESERVES					
Called up share capital	11		50,000,000		1
Retained earnings	12		<u>986,142</u>		<u>-</u>
SHAREHOLDERS' FUNDS			<u>50,986,142</u>		<u>1</u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 16 March 2023 and were signed on its behalf by:


Chong Yim, Thai - Director


Yee Leng, Cheah - Director

The notes form part of these financial statements

HS CREDIT (MANCHESTER) LTD (REGISTERED NUMBER: 11234444)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021 / 31 December 2021	<u>1</u>	<u>-</u>	<u>1</u>
Changes in equity			
Issue of share capital	49,999,999	-	49,999,999
Total comprehensive income	<u>-</u>	<u>986,142</u>	<u>986,142</u>
Balance at 31 December 2022	<u><u>50,000,000</u></u>	<u><u>986,142</u></u>	<u><u>50,986,142</u></u>

The notes form part of these financial statements

HS CREDIT (MANCHESTER) LTD (REGISTERED NUMBER: 11234444)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

		Year Ended 31.12.22 £	Year Ended 31.12.21 £
Cash flows from operating activities			
Cash used in operations	1	<u>(19,541,693)</u>	<u>-</u>
Net cash used in operating activities		<u>(19,541,693)</u>	<u>-</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(9,032)	-
Interest received		<u>190,753</u>	<u>-</u>
Net cash from investing activities		<u>181,721</u>	<u>-</u>
Cash flows from financing activities			
Issuance of share capital		<u>49,999,999</u>	<u>-</u>
Net cash from financing activities		<u>49,999,999</u>	<u>-</u>
Increase in cash and cash equivalents		30,640,027	-
Cash and cash equivalents at beginning of year	2	<u>1</u>	<u>1</u>
Cash and cash equivalents at end of year	2	<u><u>30,640,028</u></u>	<u><u>1</u></u>

The notes form part of these financial statements

HS CREDIT (MANCHESTER) LTD (REGISTERED NUMBER: 11234444)

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH USED IN OPERATIONS

	Year Ended 31.12.22 £	Year Ended 31.12.21 £
Profit before taxation	1,230,212	-
Depreciation charges	1,882	-
Net loss on impairment of financial instruments	61,214	-
Deposit account interest	<u>(190,753)</u>	<u>-</u>
	1,102,555	-
Increase in trade and other debtors	(20,426,778)	-
Increase in other creditors	<u>32,530</u>	<u>-</u>
	(19,291,693)	-
Income tax paid	<u>(250,000)</u>	<u>-</u>
Cash used in operations	<u>(19,541,693)</u>	<u>-</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2022

	31.12.22 £	01.01.22 £
Cash and cash equivalents	<u>30,640,028</u>	<u>1</u>

Year ended 31 December 2021

	31.12.21 £	01.01.21 £
Cash and cash equivalents	<u>1</u>	<u>1</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. STATUTORY INFORMATION

HS Credit (Manchester) Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Critical accounting judgements and key sources of estimation uncertainty

In preparing the Financial Statements, the Directors are required to make judgements and estimates. Judgements involve an interpretation of requirements to decide how to allocate, value or recognise an item. Estimates arise from using assumptions which result in a range of possible outcomes. The most important judgements and estimates used in preparing these Financial Statements are described below. 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Accounting Judgement

The assessment of fair value on initial recognition for loans

There is uncertainty in both the expected cash flows and the Effective Interest Rate (EIR) used to calculate the fair value at initial recognition for loans to businesses. The EIR is subsequently used in the calculation of interest income recognised in the Statement of Comprehensive Income as the fair value adjustment amortises.

The cash flows comprise four main components: principal, interest, expected loss on principal and expected loss on interest. For each individual account and for each period, the expected loss on principal and the expected loss on interest are assessed by taking the outstanding contractual amounts and adjusting for the marginal probability of default and loss given default.

Sources of estimation uncertainty

The estimate that risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is the assessment of ECL impairment allowances against assets held at amortised cost and financial assets.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES – continued

The assessment of ECL impairment allowances against amortised cost financial assets.

The calculation of impairment provisions is inherently uncertain and requires the Company to make a number of assumptions and estimates. The measurement of ECL reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The impact of the Covid-19 pandemic and the Russia-Ukraine war has raised further matters for consideration in assessing the Company's amortised cost financial assets. This has been incorporated into the post-model overlay process.

Economic scenarios and associated probability weightings

IFRS 9 requires the calculation of ECLs to account for multiple forward-looking macroeconomic scenarios that are plausible. The Company estimates the expected credit losses on receivables using a provision matrix with reference to historical credit loss experience and other macroeconomic indicators such as Consumer Price Index growth rates, interest rates, and unemployment rates.

Impairment

Financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company are exposed to credit risk.

The Company estimates the expected credit losses on receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Company assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES – continued

Impairment – continued

Financial assets – continued

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

Other assets

The carrying amounts of other assets (except for deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised

Tangible fixed assets

Depreciation is provided for on a straight-line basis at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment 25%

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES – continued

Debtors

Trade and other debtors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. The company calculates the expected credit loss for debtors based on lifetime expected credit losses under the IFRS 9 simplified approach.

Going concern

Having reviewed the company's forecast working capital and cash flow requirements, in addition to making enquiries and examining areas which could give risk to financial exposure, the directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future. As a result they continue to adopt the going concern basis in preparing the accounts.

Revenue recognition

Revenue represents fees receivable for the arranging of finance and servicing that finance.

Revenue earned for the arrangement of finance is classified as transaction fees and is recognised immediately once loans are funded and accepted by the borrowers. Such fees are automatically deducted from the amount borrowed and recognised at that point as the company has the right to consideration.

Revenue earned from servicing of finance is classified as servicing fees. It comprises an annualised fee representing a percentage of outstanding principal and is recognised on a monthly basis upon repayment of loan parts by borrowers.

Interest receivable

Interest receivable is recognised on an accruals basis within 'Interest Income' in the Income Statement.

3. REVENUE

The revenue and profit before taxation are attributable to the one principal activity of the company.

HS CREDIT (MANCHESTER) LTD (REGISTERED NUMBER: 11234444)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. EMPLOYEES AND DIRECTORS

	Year Ended 31.12.22	Year Ended 31.12.21
	£	£
Wages, salaries and other staff related expenses	46,447	-
Social security costs	5,923	-
	<u>52,370</u>	<u>-</u>

The average number of employees during the year was as follows:

	Year Ended 31.12.22	Year Ended 31.12.21
Operational	<u>1</u>	<u>-</u>

	Year Ended 31.12.22	Year Ended 31.12.21
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31.12.22	Year Ended 31.12.21
	£	£
Deposit account interest	<u>190,753</u>	<u>-</u>

6. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	Year Ended 31.12.22	Year Ended 31.12.21
	£	£
Depreciation - owned assets	1,882	-
Auditors' remuneration	<u>26,800</u>	<u>-</u>

HS CREDIT (MANCHESTER) LTD (REGISTERED NUMBER: 11234444)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. TAXATION

Analysis of tax expense

	31.12.22 £	31.12.21 £
Current tax:		
UK corporation tax	<u>244,070</u>	<u>-</u>
Total tax expense in income statement	<u><u>244,070</u></u>	<u><u>-</u></u>

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.22 £	31.12.21 £
Profit before income tax	<u>1,230,212</u>	<u>-</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	233,740	-
Effect of:		
Non-deductible expenses	57	-
Temporary differences arising from fixed assets not recognised	(1,358)	-
Impairment charge	<u>11,631</u>	<u>-</u>
Tax expense	<u><u>244,070</u></u>	<u><u>-</u></u>

8. TANGIBLE FIXED ASSETS

	Computer equipment £	Totals £
COST		
At 1 January 2022	-	-
Additions	<u>9,032</u>	<u>9,032</u>
At 31 December 2022	<u>9,032</u>	<u>9,032</u>
DEPRECIATION		
At 1 January 2022	-	-
Charge for year	<u>1,882</u>	<u>1,882</u>
At 31 December 2022	<u>1,882</u>	<u>1,882</u>
NET BOOK VALUE		
At 31 December 2022	<u><u>7,150</u></u>	<u><u>7,150</u></u>
At 31 December 2021	<u><u>-</u></u>	<u><u>-</u></u>

HS CREDIT (MANCHESTER) LTD (REGISTERED NUMBER: 11234444)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. DEBTORS

	31.12.22	31.12.21
	£	£
Trade debtors	20,404,616	-
Impairment	<u>(61,214)</u>	<u>-</u>
	20,343,402	-
Other debtors	<u>22,162</u>	<u>-</u>
	<u>20,365,564</u>	<u>-</u>
Amounts falling due within one year:		
Trade debtors	5,282,350	-
Other debtors	<u>22,162</u>	<u>-</u>
	<u>5,304,512</u>	<u>-</u>
Amounts falling due after more than one year:		
Trade debtors	<u>15,061,052</u>	<u>-</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22	31.12.21
	£	£
Accrued expenses	<u>32,530</u>	<u>-</u>

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.22	31.12.21
			£	£
50,000,000	Ordinary	£1	<u>50,000,000</u>	<u>1</u>

49,999,999 Ordinary shares of £1 each were allotted and fully paid for cash at par value during the year.

12. RETAINED EARNINGS

	31.12.22	31.12.21
	£	£
As at 1 January	-	-
Profit for the year	<u>986,142</u>	<u>-</u>
As at 31 December	<u>986,142</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. CONTROLLING PARTIES

The immediate parent company is HSC Manchester Holding Pte Ltd, a company incorporated in Singapore. The intermediate holding company is HSC International Limited, a company incorporated in Labuan, Malaysia. The penultimate holding company and the smallest and largest group to consolidate these financial statements is Hap Seng Consolidated Berhad, a company incorporated in Malaysia. Copies of the Hap Seng Consolidated Berhad consolidated financial statements can be obtained from the Company Secretary at Menara Hap Seng, Jalan P.Ramlee, 50250 Kuala Lumpur, Malaysia.

The company's ultimate controlling party is Gek Poh (Holdings) Sdn Bhd, a company incorporated in Malaysia.

14. CONTINGENT LIABILITIES

The company had no contingent liabilities as at 31 December 2022 (2021: £Nil).

15. CAPITAL COMMITMENTS

The total amount contracted for but not provided in the financial statements was £Nil (2021: £Nil).