

# **Account Technologies Holdings Limited**

Registered number: 11802480

## **Annual Report**

**For the year ended 31 August 2021**



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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	R Ashton I McKenzie J Burns
<b>Company secretary</b>	J Cameron
<b>Registered number</b>	11802480
<b>Registered office</b>	10 Brick Street Mayfair London W1J 7HQ
<b>Trading Address</b>	Windsor Court, Kingsmead Business Park Frederick Place High Wycombe Buckinghamshire HP11 1JU
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE12 1RT

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2021

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#### Introduction

The directors present the strategic report and audited consolidated financial statements for Account Technologies Holdings Limited ("ATHL") together with its subsidiaries ("the Group") for the year ended 31 August 2021.

#### Principal activities

The Group's principal activity continued to be the provision of running account consumer credit services marketed to customers under the 'SafetyNet Credit' and Tappily branding. The Financial Conduct Authority ("FCA") regulates the Group's subsidiary, Indigo Michael Limited ("IML"). The Group develops and maintains its own bespoke software in order to identify and manage risk before approving new loans to customers. Management believes that this provides a competitive advantage in the marketplace.

#### Business review

Revenue in the year was £92,058,648 (2020: £94,399,165) with the reduction mainly driven by COVID-19 effects and the national lockdowns causing an easing of demand for credit products as consumer expenditure reduced with sectors such as leisure and travel effectively shut down or offering reduced services for prolonged periods. Overall, the Group was able to reduce initial default rates and acquisition costs against a backdrop of reduced demand for consumer credit. Now that the economy has substantially reopened and demand for credit has returned the directors believe that the business has the operational infrastructure necessary to support anticipated growth over the coming years. The Group had net assets of £15,537,124 (2020: £7,087,982) at the year end.

In common with other businesses, during 2020 and 2021 COVID-19 presented an unprecedented challenge as the Group sought to protect its employees and follow government guidance while continuing to support its customers. As such, the Group took measures to mitigate the uncertainty of the economic implications of COVID-19 by temporarily reducing new customer acquisition and introducing new measures to help those affected by COVID-19. The Group has a full suite of support available to customers encountering financial difficulties whether as a result of COVID-19 or otherwise. This includes forbearance, Breathing Space (whereby customers can cap their repayments), payment deferrals and COVID-19 payment deferrals as well as SPAs (scheduled payment arrangements). The Group tries to ensure that support is tailored to the individual customer's circumstances and strives to avoid a "one size fits all" approach.

Throughout the pandemic the Group maintained business continuity thanks to its agile technology focused culture and flexible technical architecture. A remote working approach was quickly implemented on a wider scale which could be sustained as long as needed and remains an option depending on future developments. The Group has therefore been able to continue to provide a high level of service to its customers and maintain critical services.

The Group has not observed any significant impact from COVID-19 on its financial performance and as the lockdown restrictions have eased the Group has largely return to business as usual with the benefit of lessons learned and operational improvements implemented during the initial stages of the pandemic.

On 5th November 2020 ACM AT HOLDCO VII LLC acquired 30% of the equity share capital of the Company from the ultimate parent company Loudwater Ventures Limited.

#### Future developments

The directors believe that with the FCA's focus on driving improvements in affordability assessments and good customer outcomes, there is a clear opportunity for a responsible consumer-focused lending business using bank transaction data for market-leading affordability assessments. The Group will continue to stay focused on financial stability while building sustainable new business for the long term.

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

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#### Principal risks and uncertainties

The key business risks and uncertainties affecting the business are considered to relate to competition for new customers, reliability of bank payment systems and online banking, the regulatory environment, continued consumer confidence in making available bank transaction data, the economic environment as it effects UK consumers (including in particular interest rates, cost of living, BREXIT and utilities), access to loans which are used to provide long term finance, cyber security, ability to recruit and retain key staff and reliance on key suppliers and service providers. The Board and management of the Group monitor these risks and potential mitigating actions on a regular basis. Please refer to "Principal risks and uncertainties" in the Directors' Report for more information.

#### Coronavirus and COVID-19

The COVID-19 pandemic continues to affect the UK and global economies however the recent lifting of social restrictions by the government means the directors anticipate the UK and global economies to return to growth in due course. It is not possible to predict how quickly and to what degree this may happen.

#### Financial key performance indicators

Management tracks several financial Key Performance Indicators ("KPIs") to understand the business, development, performance and position of the Group. The following KPIs are what the business uses to monitor progress.

	2021	2020	Change
Revenue	£92,058,648	£94,399,165	(2.4%)
Net loan book (1)	£48,100,000	£48,900,000	(1.6%)
Profit after tax: Revenue ratio	22.7%	26.2%	(13.4%)
Profit after tax	£20,857,973	£24,715,327	(15.4%)

(1) Net loan book represents total outstanding loans less provision for impairment.

Management's strategy is to maintain the Group's market leading position through continuing to offer transparent and affordable running account consumer credit services. Management will continue to develop and to be disciplined in underwriting while growing the loan book based on a proven track record for the last nine years of underwriting and lending.

Revenue was £92,058,648 (2020: £94,399,165), a reduction of (2.4%) year on year mainly driven by COVID-19 effects and the national lockdowns causing a reduction in demand as customers reduced expenditure. Impairment ratios have stayed in line with management's expectations. The net loan book reduced by (1.6%) to £48,100,000 (2020: £48,900,000m). Costs across all key drivers were controlled and operating efficiencies delivered throughout the year. Profit after tax decreased as expected by (15.4%) to £20,849,142 (2020: £24,715,327) driven by a maturing loan book and £7,975,346 one-off bad debt sale.

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## **ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021**

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#### **Directors' statement of compliance with duty to promote the success of the Group**

The directors of Account Technologies Holdings Limited consider, both individually and together, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company and the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1) (a-e) of the Companies Act 2006) in the decisions taken in the year to 31 August 2021.

#### **Likely consequences of any decisions in the long term**

The Board delegates day-to-day management and decision making to its senior management team, while maintaining oversight of the Group's performance and reinforcing a good culture and behaviour by effective corporate governance. It reserves to itself specific matters for approval, including significant new strategic initiatives and major decisions relating to capital raising and allocation. Through regular updates from senior management and measurement against long-term objectives, the Board monitors that management is acting in accordance with its agreed strategy and the long-term interest of key stakeholders.

#### **The interest of the Group's employees**

Our behaviour is aligned with the expectations of our people, our customers, investors, communities and society.

Our employees are fundamental to contributing to the Group's success and the delivery of our business plan. The Group takes the interests of its people into account when making decisions. To identify their issues, we conduct and act on regular employee surveys and consult and engage regularly with our employees at all levels. We have a strong focus on employees' skills and conduct. We have therefore built, and keep improving, our Group wide training framework to ensure our culture remains positive, employees feel they belong and get ahead.

The Group will continue to build a high performing and diverse team, whilst taking all necessary measures to create a working environment in which employees feel safe, valued and able to perform.

#### **The need to foster the Group's business relationships**

Supplier relations are central to the success of our Group. Our supplier strategy is to ensure that the services and goods we acquire are value for money and the result of transparent, objective, time and cost-effective decision making and risk management. We want to build sustainable, lasting and mutually beneficial relationships with our suppliers.

#### **Customer focus**

We try to provide customers with the best service and outcomes possible and takes customer care seriously with significant additional resource devoted to quality assurance and driving the best possible customer outcomes.

#### **The desirability of the Group maintaining a reputation for high standards of business conduct**

The reputation of the Group is fundamental to its long-term success and the directors are committed to supporting this through adhering to laws and regulations, conducting business in a socially and environmentally responsible way, and treating all stakeholders with honesty and integrity.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2021**

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
**Directors' statement of compliance with duty to promote the success of the Group (continued)****The impact of the Group's operations on the community and the environment**

The Company and the Group is conscious of both its social and environmental impact. The directors seek opportunities to limit the environmental footprint of its operations wherever this is practically and commercially feasible.

**Need to act fairly between members of the Company and Group**

The Board's intention is to behave responsibly toward our shareholders and treat them equally so they can benefit from the successful delivery of our plan. This is in line with the Group's policies which are applicable to all directors and staff of the Group.

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

  
Robert ashton (Dec 23, 2021 09:26 GMT)

**R Ashton**  
Director

Date: Dec 23, 2021

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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

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The directors present their annual report together with the audited consolidated financial statements for the year ended 31 August 2021.

#### Principal activities

The principal activity of the Company in the year under review was a holding company. The Group's principal activity during the year continued to be the provision of running account consumer credit service, as well as software development.

#### Results and dividends

The Group's profit for the year, after taxation, amounted to £20,849,142 (2020: £24,715,327).

The directors do not recommend the payment of a final dividend, interim dividends of £12,400,000 (2020: £8,200,000) having been paid during the year.

#### Directors

The directors who served during the year and to the date of this report were:

R Ashton  
I McKenzie  
J Burns (appointed 5 November 2020)

#### Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the consolidated 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 prepared the group and company financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IASs in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.



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## **ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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#### **Directors' confirmations**

Each of the directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with IASs in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Group and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

#### **Going concern**

The financial statements have been prepared on the going concern basis, which assumes the Company and the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

On the 15 June 2021 the Group, refinanced £65,000,000 of debt owed by issuing a £75,000,000 bond on the International Stock Exchange to the bond holder Midtown Madison Management. The Group has drawn £50,000,000 of the new facility as of 31st August 2021. The maturity date for the bond, which is in the form of senior secured floating rate notes, is 15th June 2024.

The Board of directors has produced detailed short-term and long-term cash flow forecasts which indicate that the Company and the Group can meet their liabilities as they fall due and comply with covenants, therefore continuing as a going concern for a period in excess of 12 months from the date of approval of these financial statements.

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

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#### Principal risks and uncertainties

The principal risks specific to the business have been outlined below together with an explanation of how the Group manages and mitigates them. Some of these risks are specific to the Group and others are more generally applicable to the consumer lending industry.

##### *Liquidity and cash flows*

The risk of failure to properly manage liquidity could lead to the Group requiring more expensive funding, reducing profitability, or even being unable to meet its obligations as they fall due. The Group mitigates this by scenario modelling, stress testing and producing detailed long-term and short-term cash flow forecasts.

The Group's principal borrowings are its loan notes which are not due for redemption until 2024.

##### *The UK economic environment*

There is a risk that a downturn in the UK economic performance will affect customer incomes and their ability to meet their financial obligations, including their loan repayments. The Group models its customer affordability calculations according to detailed analysis of their incomes and spending patterns to mitigate the risk that they will be unable to service their debt commitments.

##### *Ability to recruit and retain key staff*

There is a risk that the Group will not be able to recruit and retain key staff at its two offices. This includes the recruitment of software developers based in its London office and customer service professionals at its High Wycombe offices. Management attempts to mitigate these risks through careful benchmarking of salaries and benefits, the promotion of a positive corporate culture, and staff development.

##### *Regulatory environment*

The Group has an open and transparent relationship with the FCA and FOS. The Group works extensively together with its legal and regulatory advisers analysing Financial Ombudsman Service (FOS) Adjudicator and Ombudsman decisions in order to align its processes and methodologies to their current approach. As the thinking of the FCA and FOS and, in particular, FOS decisions about the consumer credit market evolve over time the Group strives to change its approach accordingly. The Group foresees FCA and FOS expectations of consumer credit providers continuing to develop in this way for the foreseeable future. This regulatory backdrop inevitably creates some uncertainty as to what exact standards are required of market participants at any particular point.

##### *Cyber security*

The Group considers cybersecurity a matter of extreme importance. This includes protecting its customers physical and electronic information from all threats, both external and internal throughout the organisation. The Group partners with a leading cyber and information security consulting firm to incorporate security into their information technology infrastructure, which delivers extensive experience and knowledge in security with regards to latest technologies, industry trends, relevant legislation, leading international standards and best practices.

##### *Competition in the marketplace*

As one of the few lenders in its space to utilise bank transaction data for its underwriting decisions, the Group has no direct competitors in the market. The trading products of SafetyNet Credit (SNC) and Tappily are not overdrafts, payday loans or credit cards but take the best features of all of them to create flexible affordable running account credit products. When sourcing customers for SNC and Tappily, these products are presented as an alternative to High Cost Short Term Credit products.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**Financial instruments**

The Group does not generally use financial instruments actively as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with unsecured consumer lending and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk. Historically its subsidiaries had used a foreign currency call option to manage the currency fluctuation risk on repayment of part of the foreign currency-denominated loans which had been used to provide long-term finance to the Group

**Qualifying third party indemnity provisions**

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year and as at the date of signing these financial statements, for the benefit of the directors.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**Greenhouse gas emissions, energy consumption and energy efficiency action**

	2021	2020
<b>Energy consumption used to calculate emissions (kWh)</b>		
Gas consumption	193,199	281,025
Purchased electricity	187,825	265,651
<b>Scope 1 emissions in metric tonnes CO2e</b>		
Gas consumption	39.36	57.26
<b>Scope 2 emissions in metric tonnes CO2e</b>		
Purchased electricity	43.79	61.93
 Total gross emissions in metric tonnes CO2e	 83.15	 119.19
Intensity ratio Tonnes CO2e per £m turnover	0.90	1.26

**Quantification and reporting methodology**

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

**Intensity measurement**

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per total £m sales revenue during the year to 31 August 2021.

**Measures taken to improve energy efficiency**

The business did not undertake any energy efficiency activities during the year. However, the Group is mindful of its environmental obligations and will examine opportunities to reduce energy consumption and therefore carbon emissions in the year ahead.

**Matters covered in the strategic report**

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report. These matters relate to future developments and details of engagement with suppliers, customers and others.

**Post balance sheet events**

Since the year end, dividends totaling £5,000,000 have been paid to the Company's shareholders.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

  
Robert ashton (Dec 23, 2021 09:26 GMT)

**R Ashton**  
Director

Date: Dec 23, 2021

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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#### Report on the audit of the financial statements

##### Opinion

In our opinion, Account Technologies Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the Company's affairs as at 31 August 2021 and of the group's profit and the group's and Company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company Statements of Financial Position as at 31 August 2021; the Consolidated Statement of Comprehensive Income, the Consolidated and Company statements of Cash Flows and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Our audit approach

##### Overview

###### Audit scope

- Overall group materiality: £1,278,000, based on 5% of profit before tax.
- Overall company materiality: £539,000, based on 1% of total assets.
- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment, the financial significance of the subsidiaries within the group and other qualitative factors (including history of misstatement through fraud or error).
- Indigo Michael Limited and Account Technologies Software Limited were considered significant components and had their financial information audited in full.
- The areas of focus which were of most significance in the audit of the financial statements was the determination of the allowance for expected credit losses in respect of trade receivables and the valuation and classification of the loan notes.
- All work was performed by the group audit team remotely through interaction with the group's head office where the centralised finance function is based.

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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#### Key audit matters

- Allowance for expected credit losses on trade receivables (group)
- Valuation and classification of loan notes (group and company)

#### Materiality

- Overall group materiality: £1,278,000 (2020: £1,541,000) based on 5% of profit before tax.
- Overall company materiality: £539,00 (2020: £686,000) based on 1% of total assets.
- Performance materiality: £959,000 (group) and £404,000 (company).

#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

#### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Impact of COVID-19 on business and the financial statements (group and company), which was a key audit matter last year, is no longer included because of the lifting of lockdown restrictions, the embedding of hybrid working and the recovery of the economy.

We also focussed our efforts on the refinancing of the loan notes which occurred during the year and determined this to be the key audit matter in the context of the company (and the group). This is a new key audit matter.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<i>Allowance for expected credit losses on trade receivables (group) Note 16</i>	
<p>The allowance for expected credit losses ('ECL') for trade receivables is an area where a high level of judgement is applied in assessing recoverability of the trade receivables. Under IFRS 9 management is required to determine the ECL that may occur over either a 12-month period (stage 1) or the remaining life of the loan (stage 2 and 3). The categorisation of a loan is based on whether there has been a significant increase in credit risk. It is also necessary to assess forward looking macroeconomic factors and their respective impacts on the size of the required allowance. Historical payment patterns for customers within the loan portfolio are generated using data extracted from the group's loan administration system. This data is grouped together based on similar characteristics and used to estimate a likely recoverable amount at each stage and to calculate the ECL accordingly. We consider the key area of judgement to be the level of timing of loans and defaulting (probability of default).</p> <p>We have also considered the appropriateness of the model methodologies and the following judgments used in the determination of the modelled ECL for the loan portfolio:</p> <ul style="list-style-type: none"><li>• The expected losses due to customers defaulting (loss given default); and</li><li>• The impact of forward-looking macroeconomic factors on the ECL.</li></ul>	<ul style="list-style-type: none"><li>• We assessed whether the policies and procedures developed by management were appropriate and in line with the requirements of IFRS9-Financial Instruments for calculating the allowance for ECL using industry knowledge. This also involved discussions with management about specific estimates made within the calculation, appropriateness of model methodologies used and monitoring of controls.</li><li>• We independently tested the accuracy of the underlying data, such as payment history, ageing of the outstanding receivables and time period of the underlying data set, used to calculate the allowance for ECL on trade receivables.</li><li>• Using historical data, we independently recalculated the rates used by management to determine the probability of default and management's loss given default assumptions as at 31 August 2021.</li><li>• We performed a recalculation of the allowance for ECL recognised for the year ended 31 August 2021.</li><li>• We assessed and challenged management's assessment that there is no correlation between the changes in macroeconomic conditions and the impact on the allowance for ECL.</li><li>• We read and assessed the disclosures made in the financial statements in line with the requirements of the relevant accounting standards.</li></ul> <p>Based on the procedures performed and evidence obtained, we found management's assumptions and calculated allowance for ECL on trade receivables to be reasonable.</p>



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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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<p><i>Valuation and classification of the loan notes. (group and company) Note 20</i></p> <p>During the year the company refinanced its long term debt which is listed on the International Stock Exchange. The draw down on the facility amounted to £50,000,000 as at 31 August 2021. The refinancing of the debt during the year was the most significant transaction for the company. We considered the key area to be the requirements for the entity to comply with its debt covenants which if breached could potentially impact its classification. In addition we also considered the valuation of the outstanding loan notes at the year end.</p>	<ul style="list-style-type: none"><li>• We reviewed the loan agreement and obtained an understanding of the funding limits, interest rates, maturity and covenants, and confirmed that the key features had been accounted for appropriately.</li><li>• We traced repayments of principal and interest of the loans notes during the year to underlying supporting documentation.</li><li>• We recalculated the interest expense accrued on the long term debt in the year and agreed it to the movement schedule.</li><li>• We recalculated the closing balance of the long term debt and agreed this to the ledger without exception.</li><li>• We confirmed with the loan note holder that none of the covenants had been breached during the period; and</li><li>• We read and inspected the financial statements to confirm adequacy of disclosures related to long term debt.</li></ul> <p>Based on the procedures performed and evidence obtained, we found the valuation and classification of the loan notes to be reasonable.</p>
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#### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group operates entirely within the United Kingdom, with a centralised finance function supporting all statutory entities. The group includes Indigo Michael Limited which issues the advances to customers and Account Technologies Software Limited which owns the group's intellectual property. Both of these entities were considered to be significant components and we have completed full scope audits of their financial information. All work was performed by the group audit team.

#### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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	<b>Financial statements - group</b>	<b>Financial statements - company</b>
<i>Overall materiality</i>	£1,278,000 (2020: £1,541,000).	£539,000 (2020: £686,000).
<i>How we determined it</i>	5% of profit before tax	1% of total assets
<i>Rationale for benchmark applied</i>	We consider profit before tax to be most appropriate given the group's growth and profitability in recent years. Profit before tax would be key to users of the group's financial statements.	We consider a benchmark of total assets is most appropriate as the company's primary purpose is to act as a holding company with investments in the group's subsidiaries, not to generate operating profits and therefore a profit-based measure is less relevant.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £514,000 and £1,110,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £959,000 for the group financial statements and £404,000 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk, assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £128,000 (group audit) (2020: £154,100) and £54,000 (company audit) (2020: £68,600) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

**Conclusions relating to going concern**

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluation of the Group's forecast financial performance and liquidity over the going concern period; and
- Substantiation of the nature and existence of the group's financial resources and liquidity financing facilities.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### Strategic report and Directors' report

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 year ended 31 August 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

#### Responsibilities for the financial statements and the audit

##### Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

##### Auditors' 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 auditors' 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.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the rules and regulations of the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in the determination of allowance for credit losses. Audit procedures performed by the engagement team included:

- Reading of minutes of meetings of those charged with governance;
- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Performing testing over manual journals based on specific risk parameters to address the risk of fraud through management override of controls;
- Incorporating unpredictability into the nature, timing and/or extent of our testing; and
- Challenging assumptions made by management in its significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of this report**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Timothy Lawrence (Senior statutory auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

Date: 23 December 2021

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2021**

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	Note	2021 £	2020 £
Interest income	4	92,058,648	94,399,165
Interest expense	10	(8,492,235)	(9,053,842)
<b>Gross profit</b>		<u>83,566,413</u>	<u>85,345,323</u>
Other operating income	5	8,029,851	338,163
Operating costs		(9,285,067)	(9,730,254)
Administrative expenses		(22,181,867)	(19,118,549)
<b>Operating profit before impairment losses</b>	6	<u>60,129,330</u>	<u>56,834,683</u>
Impairment losses on loans and advances to customer	16	(34,570,920)	(26,012,940)
<b>Profit before taxation</b>		<u>25,558,410</u>	<u>30,821,743</u>
Tax on profit	11	(4,709,268)	(6,106,416)
<b>Profit for the financial year</b>		<u><u>20,849,142</u></u>	<u><u>24,715,327</u></u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u><u>20,849,142</u></u>	<u><u>24,715,327</u></u>
<b>Profit for the year attributable to:</b>			
Owners of the parent Company		20,849,142	24,715,327
		<u><u>20,849,142</u></u>	<u><u>24,715,327</u></u>

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing operations.


The notes on pages 27 to 59 form part of these financial statements.

**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**  
**REGISTERED NUMBER: 11802480**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	13	1,324,599	1,191,920
Tangible assets	14	5,340,530	4,287,845
Debtors: amounts falling due after more than one year	16	263,660	797,431
		<u>6,928,789</u>	<u>6,277,196</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	51,571,451	60,142,671
Cash at bank and in hand	17	20,120,900	18,636,585
		<u>71,692,351</u>	<u>78,779,256</u>
Creditors: amounts falling due within one year	18	(9,025,007)	(10,767,939)
<b>Net current assets</b>		<u>62,667,344</u>	<u>68,011,317</u>
<b>Total assets less current liabilities</b>		<u>69,596,133</u>	<u>74,288,513</u>
Creditors: amounts falling due after more than one year	19	(54,059,009)	(67,200,531)
<b>Provisions for liabilities</b>			
<b>Net assets</b>		<u><u>15,537,124</u></u>	<u><u>7,087,982</u></u>
<b>Capital and reserves</b>			
Called up share capital	26	1	1
Group reconstruction reserve	27	1,799	1,799
Profit and loss account	27	15,535,324	7,086,182
<b>Total equity</b>		<u><u>15,537,124</u></u>	<u><u>7,087,982</u></u>

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

  
Robert ashton (Dec 23, 2021 09:26 GMT)

**R Ashton**  
Director

Date: Dec 23, 2021

The notes on pages 27 to 59 form part of these financial statements.


**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**  
**REGISTERED NUMBER: 11802480**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	13	1,787	-
Investments	15	250,001	250,001
Debtors: amounts falling due after more than one year	16	50,021,131	68,380,469
		<u>50,272,919</u>	<u>68,630,470</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	2,111,911	-
Cash at bank and in hand	17	1,486,596	-
		<u>3,598,507</u>	<u>-</u>
Creditors: amounts falling due within one year	18	(1,142,484)	-
<b>Net current assets</b>		<u>2,456,023</u>	<u>-</u>
<b>Total assets less current liabilities</b>		<u>52,728,942</u>	<u>68,630,470</u>
Creditors: amounts falling due after more than one year	19	(49,302,679)	(64,480,502)
<b>Net assets</b>		<u><u>3,426,263</u></u>	<u><u>4,149,968</u></u>
<b>Capital and reserves</b>			
Called up share capital	26	1	1
Profit and loss account	27	3,426,262	4,149,967
<b>Total equity</b>		<u><u>3,426,263</u></u>	<u><u>4,149,968</u></u>

The separate financial statements of the Company are presented as required by the Companies Act 2006 and have been prepared in accordance with IASs in conformity with the requirements of the Companies Act 2006. The Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income and the related notes that form a part of these approved financial statements. The parent company profit for the year ended 31 August 2021 is £11,676,295 (2020: £12,349,967).

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

  
 Robert ashton (Dec 23, 2021 09:26 GMT)

**R Ashton**

Director

Date: Dec 23, 2021

The notes on pages 27 to 59 form part of these financial statements.



**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

	Called up share capital	Other reserves	Group reconstruction reserve	Profit and loss account	Total equity
	£	£	£	£	£
<b>At 1 September 2019</b>	1	497,197	1,799	(9,926,342)	(9,427,345)
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	24,715,327	24,715,327
<b>Other comprehensive income for the year</b>	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	24,715,327	24,715,327
Dividends: Equity capital	-	-	-	(8,200,000)	(8,200,000)
Transfer to/from profit and loss account	-	(497,197)	-	497,197	-
<b>Total transactions with owners</b>	-	(497,197)	-	(7,702,803)	(8,200,000)
<b>At 31 August 2020</b>	1	-	1,799	7,086,182	7,087,982
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	20,849,142	20,849,142
<b>Other comprehensive income for the year</b>	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	20,849,142	20,849,142
Dividends: Equity capital	-	-	-	(12,400,000)	(12,400,000)
<b>Total transactions with owners</b>	-	-	-	(12,400,000)	(12,400,000)
<b>At 31 August 2021</b>	1	-	1,799	15,535,324	15,537,124

The notes on pages 27 to 59 form part of these financial statements.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 September 2019</b>	1	-	1
<b>Comprehensive income for the year</b>			
Profit for the year	-	12,349,967	12,349,967
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	12,349,967	12,349,967
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(8,200,000)	(8,200,000)
<b>Total transactions with owners</b>	-	(8,200,000)	(8,200,000)
<b>At 31 August 2020</b>	1	4,149,967	4,149,968
<b>Comprehensive income for the year</b>			
Profit for the year	-	11,676,295	11,676,295
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	11,676,295	11,676,295
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(12,400,000)	(12,400,000)
<b>Total transactions with owners</b>	-	(12,400,000)	(12,400,000)
<b>At 31 August 2021</b>	1	3,426,262	3,426,263

The notes on pages 27 to 59 form part of these financial statements.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	25,558,410	30,821,743
<b>Adjustments for:</b>		
Amortisation of intangible assets	720,241	583,129
Depreciation of tangible assets	1,034,084	952,068
Interest paid	8,492,235	9,053,842
Interest received	-	(1,074)
Decrease/(increase) in debtors	8,571,220	(10,351,142)
Increase in creditors	1,499,790	660,167
Corporation tax paid	(6,939,408)	(345,506)
<b>Net cash generated from operating activities</b>	<b>38,936,572</b>	<b>31,373,227</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(852,920)	(723,249)
Purchase of tangible fixed assets	(315,348)	(512,175)
Sale of tangible fixed assets	-	75,594
Additions to right-of-use assets	(1,771,421)	(4,185,365)
<b>Net cash used in investing activities</b>	<b>(2,939,689)</b>	<b>(5,345,195)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(15,177,790)	-
Increase in lease liabilities	1,557,457	3,850,070
Dividends paid	(12,400,000)	(8,200,000)
Interest paid	(7,971,866)	(8,305,268)
Interest on lease liabilities	(520,369)	(420,449)
Interest received	-	1,074
<b>Net cash used in financing activities</b>	<b>(34,512,568)</b>	<b>(13,074,573)</b>

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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	2021 £	2020 £
<b>Net increase in cash and cash equivalents</b>	1,484,315	12,953,459
Cash and cash equivalents at beginning of year	18,636,585	5,683,126
<b>Cash and cash equivalents at the end of year</b>	<u>20,120,900</u>	<u>18,636,585</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	20,120,900	18,636,585
	<u>20,120,900</u>	<u>18,636,585</u>

The notes on pages 27 to 59 form part of these financial statements.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**COMPANY STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2021**

---

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit before income tax	11,711,784	12,349,967
<b>Adjustment for:</b>		
Increase in creditors	1,106,995	-
Dividend income from subsidiary	(11,525,000)	(12,350,000)
<b>Net cash generated from/(used in) operating activities</b>	<u>1,293,779</u>	<u>(33)</u>
<b>Cash flows from financing activities</b>		
Payment of dividend to company shareholder	(12,400,000)	(8,200,000)
Purchase of intangible fixed asset	(1,787)	-
Loan from subsidiary undertaking	1,069,604	(3,899,967)
Investment in subsidiary undertaking	-	(250,000)
<b>Net cash used in financing activities</b>	<u>(11,332,183)</u>	<u>(12,349,967)</u>
<b>Cash flows from investing activities</b>		
Receipt of dividend from subsidiary	11,525,000	12,350,000
<b>Net cash from investing activities</b>	<u>11,525,000</u>	<u>12,350,000</u>
<b>Net movement in cash and cash equivalents</b>	1,486,596	-
<b>Cash and cash equivalents at beginning of year</b>	-	-
<b>Cash and cash equivalents at the end of year</b>	<u><u>1,486,596</u></u>	<u><u>-</u></u>

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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

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#### 1. General information

Account Technologies Holdings Limited is a private company, limited by shares and incorporated in England and Wales.

The registered office of the Company is 10 Brick Street, Mayfair, London, W1J 7HQ. The principal place of business of the Company is Windsor Court, Kingsmead Business Park, Frederick Place, High Wycombe, Buckinghamshire, HP11 1JU.

The principal activity of the Company in the year under review was a holding company. The Group's principal activity during the year continued to be the provision of running account consumer credit services, as well as software development.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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

The Group and Company's financial statements have been prepared in accordance with International Accounting Standards (IAS) in conformity with the requirement of the Companies Act 2006. The Group and Company's financial statements have been prepared under the historical cost convention.

The separate financial statements of the Company are presented as required by the Companies Act 2006 and have been prepared in accordance with IASs in conformity with the requirements of the Companies Act 2006. The Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income and the related notes that form a part of these approved financial statements. The parent company profit for the year ended 31 August 2021 is £11,676,295 (2020: £12,349,967).

The financial statements have been presented in Pounds Sterling as this is currency of the primary economic environment in which the Company operates and is rounded to the nearest pound.

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.2 Basis of consolidation

The consolidated financial statements of the Group include the results of the Company and its subsidiary undertakings. Subsidiaries are all companies over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from involvement with the entity and has an ability to affect those returns through its power to direct the activities of the subsidiary undertaking. Generally subsidiaries are fully consolidated from the date upon which control is transferred to the Group using the acquisition method of accounting.

However, in accordance with International Accounting Standards (IAS) as adopted by the EU, the acquisition of the Company's subsidiaries in 2019 has been treated as a capital re-organisation. This requires the Company to prepare its consolidated financial statements for the Group as if the Company had owned the pre-existing business of its subsidiaries throughout the current and prior reporting periods of the Group. This is because there has been no substantive economic change in the wider group of companies as a result of the acquisition of the subsidiaries. Accordingly, although the Company was incorporated in February 2019, the Group's prior year consolidated results are presented as if it had always owned the subsidiaries.

Capital re-organisations do not require a fair value assessment of the subsidiary assets acquired or the consideration paid. No goodwill is created on acquisitions accounted for as a capital re-organisation.

The Company has also taken advantage of Group reconstruction relief available under section 611 of the Companies Act 2006 not to account for any premium on the issue of shares to acquire its subsidiaries. Any difference between the subsidiaries' share capital acquired and the share capital issued by the Company to acquire it is placed in a group reconstruction reserve.

The preparation of financial statements in conformity with IAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group and Company's financial statements are disclosed later in note 3.

The following principal accounting policies have been applied:

##### 2.3 Going concern

The financial statements have been prepared on the going concern basis, which assumes the Company and the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

On the 15th June 2021 the Group, refinanced £65,000,000 of debt owed by issuing a £75,000,000 bond on the International Stock Exchange to the bond holder Midtown Madison Management. The Group has drawn £50,000,000 of the new facility as of 31st August 2021. The maturity date for the bond, which is in the form of senior secured floating rate notes, is 15th June 2024.

The Board of directors has produced detailed short-term and long-term cash flow forecasts which indicate that the Company and the Group can meet their liabilities as they fall due and comply with covenants, therefore continuing as a going concern for a period in excess of 12 months from the date of approval of these financial statements.

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.4 Impact of new international reporting standards, amendments and interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 August 2021 that have a material impact on the Company or Group's financial statements.

##### 2.5 Standards, amendments and interpretations in issue but not yet adopted

There are no new amendments or interpretations to accounting standards, or IFRIC interpretations that are in issue but not yet adopted that will have a material impact on the Company or the Group's financial statements.

##### 2.6 Interest income

###### *Credit services*

Credit services is recognised in profit or loss using the effective interest method.

Interest income represents the value of interest charged to customers on advances made. Interest income is calculated and recognised on a daily basis as interest accrues under the terms of loan agreements entered into by customers. Interest is charged for the first 40 days (2020: 40 days) for SafetyNet Credit and the first 75 days (2020: 75 days) for Tappily of an advance being made, after which no further interest accrues.

###### *Other interest income*

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

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

##### 2.7 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to income are presented separately in the statement of comprehensive income within 'other operating income'.



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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.8 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentation 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.

##### 2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense 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.

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 Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.10 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, of three years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

##### 2.11 Intangible assets

Software development costs represent internally and externally capitalised time that was spent specifically on software development in respect of bespoke software and infrastructure enhancements and is capitalised at cost. Such assets are capitalised where there is a clearly defined project, the related expenditure is identifiable and where it relates to projects which are technically viable and commercially feasible. Software development costs are reviewed annually to check for impairment or where there are changes in events or circumstances that indicate the carrying value may not be recoverable.

Amortisation has been charged on a straight-line basis in order to write off the assets over their estimated useful lives, currently three years from the date of expenditure and is charged to cost of sales.

##### 2.12 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 Group 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.

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.12 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:

Land, buildings and leasehold improvements	- Land and buildings are depreciated over the life of the lease. Leasehold improvements are depreciated over 10 years
Motor vehicles	- 5 years
Fixtures, fittings and office equipment	- between 3 to 10 years

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.

No depreciation is charged on improvements to leasehold property until they are in use. The carrying values of property, plant and equipment are reviewed for impairment in years if events or changes in circumstances indicate the carrying value may not be recoverable.

##### 2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

A subsidiary is an entity over which the company has the power to govern the financial and operating policies so as to obtain benefits from its activities. The company generally has such power when it, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half the voting power, or controls the composition of the board of the directors.

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.14 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. For classification and measurement refer to note 22. The Group's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

##### **Financial assets**

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

##### **Debt instruments at amortised cost**

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

##### **Impairment of financial assets**

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

##### **Financial liabilities**

##### **At amortised cost**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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

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#### 2. Accounting policies (continued)

##### Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and the transfer qualifies for derecognition. A transferred financial asset qualifies for derecognition if the company transfers substantially all the risks and rewards of ownership of the financial asset or if the company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but does not retain control.

##### 2.15 Provision for Expected Credit Risk on Trade Receivables

The Group makes use of specific metrics to measure and control credit risk, as follows.

##### *Expected credit losses ("ECLs")*

The Group assesses expected credit risk on trade receivables (principally loan advances) based on various criteria. The key criteria for identifying increased risk is where borrowers have failed to make repayments in line with agreed terms, using a series of stages as described below. The company also monitors macroeconomic factors that it considers may influence risk and analyses risk based on the brand under which the loan is advanced. Further details on forward looking information can be found in note 16.

##### *Stages 1, 2 and 3*

Loans which have indications of an increased credit risk since origination are analysed using criteria to assess the expected credit loss of those loans. This assessment is performed by grouping loans into a series of stages with similar characteristics such as the number of missed payments. Stage 1 is where there has been no significant increase in credit risk since initial recognition. Stage 2 is where one repayment has been missed. Stage 3 is where two or more repayments have been missed or the loan is over 90 days overdue.

##### *Measuring ECL*

The allowance for ECLs is calculated using three components: a probability of default (PD), the exposure at default (EAD) and loss given default (LGD). The ECL is calculated by multiplying the PD, EAD and LGD.

PD is calculated by applying appropriate experienced historic percentage loss rates incurred to each of the stages detailed above, respectively, based on historical data, assumptions and expectations of future economic conditions.

EAD represents the expected balance, including both principal and interest, exposure at default.

LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the loan balance due and that which is expected to be received.

The Group classifies all exposures over 30 or 90 days in at least stage 2 or stage 3 respectively. It does not rebut the backstop presumption in IFRS 9 that a credit risk has significantly increased if contractual payments are more than 30 days overdue.

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.16 Borrowings

Borrowings measured at amortised cost are initially measured at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method. The interest payable on borrowings is close to current market rates. Any difference between the proceeds and the redemption amount (e.g. discount on issue) is recognised in the profit and loss over the period of the borrowing using the effective interest method. Borrowing costs are expensed in the period in which they are incurred. Borrowings are derecognised in the statement of financial position when the obligations in the contract are discharged, cancelled or expired.

##### 2.17 Leases

###### The Group as a lessee

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all leases. The lease liability is measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. The right of use asset is measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs. The right-of-use asset is depreciated on a straight-line basis over the life of the lease whilst a finance cost is charged on the outstanding lease liability over the life of the lease.

The Group has adopted the option not to recognise right-of-use assets and liabilities for short-term property leases that have a remaining lease term of less than twelve months and low-value asset leases. The costs for those leases are expensed to the Income Statement on a straight-line basis over the lease term.

The Group determines the incremental borrowing rate by using a build-up approach, starting with the risk-free rate, adjusted for credit risk and security.

In calculating the incremental borrowing rate ("IBR"), used to calculate the finance charge on a right-of use asset, several components were considered, these being: risk-free rate, lease specific adjustments, inflation, country risk premium and financing spread. The resulting incremental borrowing rate of 11.9% is the cost of money to the company if it were to borrow funds to satisfy the lease obligation.

##### 2.18 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.

##### 2.19 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**2. Accounting policies (continued)****2.20 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.

**2.21 Warrants**

Warrants issued to the providers of funding and refinancing advice are recognised under shareholders' equity at their fair value as calculated using Black Scholes and other available market information. The corresponding asset in the statement of financial position is amortised to the income statement over the exercise period of the warrant. In the event that a warrant is cancelled the corresponding part of the Warrant Reserve is transferred to the retained earnings within shareholders equity.

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

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

In the process of applying the Group's accounting policies the Directors are required to make estimates and judgements that may affect the financial statements. The Directors believe that the estimates and judgements applied in the financial statements are reasonable.

Estimates and judgements are evaluated on a regular basis and are based on historical experience (where applicable) and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

**3.1 Critical judgements in applying the company's accounting policies**

The critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below.

*(i) Recognition of capitalised development costs*

The capitalisation of software development costs involves the estimation of future economic benefits deriving from the software and judgement over the economic useful life of the software. The extent to which labour costs are capitalised within intangible assets is based on an assessment of the work being carried out by developers employed by the Group and an assessment of the recoverable amount of those costs.

**3.2 Key sources of estimation uncertainty**

The Group makes estimates and assumptions concerning the future. These estimates, by definition, will rarely equal the related actual results. The Directors believe that the following estimates and assumptions are significant in preparing the financial statements:

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*(i) Expected credit loss ('ECL')*

The application of the expected credit loss ("ECL") impairment methodology for calculating the credit impairment allowance is highly responsive to change from period to period. The methodology requires the directors to make a number of assumptions in determining the estimates. The key judgements made by the directors in applying the ECL impairment methodology are the probability weights and the impact of macroeconomic factors. A 5% increase or reduction in the Stage 1 bad rate would result in a £274,997 or (£274,997) impact on the ECL. A 5% increase or reduction in LGD rates would result in a £95,163 or (£95,163) impact on the ECL.



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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**4. Interest income**

An analysis of interest income by class of business is as follows:

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Credit services	92,058,648	94,398,091
Interest income on director's loans (see note 29)	-	1,074
	<u>92,058,648</u>	<u>94,399,165</u>

All interest income arose within the United Kingdom.

**5. Other operating income**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Other operating income	7,975,346	-
Rental income	40,258	-
Government grants receivable	14,247	338,163
	<u>8,029,851</u>	<u>338,163</u>

Other operating income of £7,975,346 (2020: £nil) relates to monthly debt sale completions during the year.

Government grants receivable relates to the Coronavirus Job Retention Scheme (CJRS).

**6. Operating profit**

The operating profit is stated after charging/(crediting):

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Amortisation of intangible fixed assets	723,791	583,129
Depreciation of property, plant and equipment	334,959	236,226
Depreciation of right-of-use assets	699,125	715,842
Exchange differences	2,201	(855)
Cost of Risk (impairment allowance)	34,570,920	26,012,942
Defined contribution pension cost	145,893	134,688
Government grants	<u>(14,247)</u>	<u>(338,163)</u>

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**7. Auditors' remuneration**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	<u>133,000</u>	<u>97,700</u>

Non-audit services have ceased since the listing of debt on The International Stock Exchange ("TISE").

**8. Employees**

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

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Wages and salaries	7,875,612	7,098,455
Social security costs	837,396	660,284
Cost of defined contribution scheme	145,893	134,688
	<u>8,858,901</u>	<u>7,893,427</u>

Included above is staff costs (including directors) of £nil (2020: £387,049) which has been capitalised within intangible assets as it relates to research and development expenditure.

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

	<b>Group 2021 Number</b>	<b>Group 2020 Number</b>
IT development	31	26
Back office	72	60
Customer services	97	115
	<u>200</u>	<u>201</u>

The parent company employed no staff during either year and incurred no staff costs.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**9. Directors' emoluments**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Aggregate directors' emoluments	629,491	608,339
Pension scheme contributions	7,327	7,854
	<u>636,818</u>	<u>616,193</u>

Included above is £nil (2020: £73,020) which has been capitalised within intangible assets.

During the year retirement benefits were accruing to two directors (2020: two directors) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £398,512 (2020: £368,648).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £923 (2020: £1,625).

**10. Interest expense**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Loan notes (note 25)	7,917,901	8,284,986
Lease liabilities (note 21)	520,369	420,449
Amortisation of discount on issue of loan notes (note 25)	-	328,125
Other finance costs	53,965	20,282
	<u>8,492,235</u>	<u>9,053,842</u>

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**11. Tax on profit**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
<b>Corporation tax</b>		
Current tax on profits for the year	4,199,033	3,097,249
Adjustments in respect of previous periods	(23,536)	(110,662)
<b>Total current tax</b>	<u>4,175,497</u>	<u>2,986,587</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	819,558	2,784,528
Adjustments in respect of prior periods	(107,682)	335,301
Effect of tax rate change on opening balance	(178,105)	-
<b>Total deferred tax</b>	<u>533,771</u>	<u>3,119,829</u>
<b>Taxation on profit on ordinary activities</b>	<u>4,709,268</u>	<u>6,106,416</u>

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**11. Tax on profit (continued)****Factors affecting tax charge for the year**

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

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Profit on ordinary activities before tax	25,558,410	30,821,743
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	4,856,098	5,856,131
<b>Effects of:</b>		
Expenses not deductible for tax purposes	19,941	15,832
Fixed asset differences	(32,976)	833
Adjustment in respect of prior periods (current & inter-co)	(23,536)	(110,662)
Adjustment in respect of prior periods (deferred tax)	(107,682)	335,301
Remeasurement of deferred tax for changes in tax rates	(2,577)	8,981
<b>Total tax charge for the year</b>	<b>4,709,268</b>	<b>6,106,416</b>

There are gross tax losses plus other unrelieved expenditure totalling a maximum of approximately £0.4m (2020: £1m) which the subsidiaries in the Group (primarily Indigo Michael Limited) have potentially available to carry forward and utilise against future trading profits, subject to UK tax regulations in respect of the utilisation of these losses. The Group is generating profits against which these losses may be utilised and hence a deferred tax asset has been recognised in respect of these losses in 2020 and 2021.

**Factors that may affect future tax charges**

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase. The provision was substantively enacted on 24 May 2021 before the end of the accounting period. Therefore deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the year end of 25%.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**12. Dividends**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
<b>Ordinary</b>		
Interim dividend paid of £124,000 per share (2020: £82,000)	12,400,000	8,200,000
	<u>12,400,000</u>	<u>8,200,000</u>

**13. Intangible assets**

**Group**

	<b>Internally generated software £</b>	<b>Computer software £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 September 2019	2,780,554	-	2,780,554
Additions	<u>723,249</u>	<u>-</u>	<u>723,249</u>
At 31 August 2020	3,503,803	-	3,503,803
Additions	<u>831,813</u>	<u>21,107</u>	<u>852,920</u>
At 31 August 2021	<u>4,335,616</u>	<u>21,107</u>	<u>4,356,723</u>
<b>Accumulated amortisation</b>			
At 1 September 2019	1,728,754	-	1,728,754
Charge for the year	<u>583,129</u>	<u>-</u>	<u>583,129</u>
At 31 August 2020	2,311,883	-	2,311,883
Charge for the year	<u>718,487</u>	<u>1,754</u>	<u>720,241</u>
At 31 August 2021	<u>3,030,370</u>	<u>1,754</u>	<u>3,032,124</u>
<b>Net book value</b>			
At 31 August 2021	<u>1,305,246</u>	<u>19,353</u>	<u>1,324,599</u>
At 31 August 2020	<u>1,191,920</u>	<u>-</u>	<u>1,191,920</u>

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**13. Intangible assets (continued)**

Amortisation is charged to administrative expenses in the statement of comprehensive income.

**Company**

	<b>Computer software £</b>
<b>Cost</b>	
At 1 September 2020	-
Additions	1,787
At 31 August 2021	<u>1,787</u>
<b>Accumulated amortisation</b>	
At 1 September 2020	-
Charge for the year	-
At 31 August 2021	<u>-</u>
<b>Net book value</b>	
At 31 August 2021	<u><u>1,787</u></u>
At 31 August 2020	<u><u>-</u></u>

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**14. Tangible assets**

**Group**

	Land and buildings £	Land, buildings and leasehold improvements £	Motor vehicles £	Fixtures, fittings and office equipment £	Total £
<b>Cost</b>					
At 1 September 2019	-	306,363	-	848,836	1,155,199
Additions	4,185,365	11,501	-	500,672	4,697,538
Disposals	-	-	-	(88,185)	(88,185)
At 31 August 2020	4,185,365	317,864	-	1,261,323	5,764,552
Additions	1,771,421	11,485	47,499	256,364	2,086,769
At 31 August 2021	5,956,786	329,349	47,499	1,517,687	7,851,321
<b>Accumulated depreciation</b>					
At 1 September 2019	-	92,536	-	444,694	537,230
Charge for the year	715,842	30,813	-	205,413	952,068
On disposals	-	-	-	(12,591)	(12,591)
At 31 August 2020	715,842	123,349	-	637,516	1,476,707
Charge for the year	699,125	32,306	9,051	293,602	1,034,084
At 31 August 2021	1,414,967	155,655	9,051	931,118	2,510,791
<b>Net book value</b>					
At 31 August 2021	4,541,819	173,694	38,448	586,569	5,340,530
At 31 August 2020	3,469,523	194,515	-	623,807	4,287,845



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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**14. Tangible assets (continued)**

The Company holds no tangible fixed assets.

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Tangible fixed assets owned	798,711	918,322
Right-of-use tangible fixed assets	4,541,819	3,469,523
	<u>5,340,530</u>	<u>4,387,845</u>

Information about right-of-use assets is summarised below:

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
<b>Depreciation charge for the year ended</b>		
Buildings	<u>699,125</u>	<u>715,842</u>

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
<b>Additions to right-of-use assets</b>		
Buildings	<u>1,771,421</u>	<u>3,469,523</u>

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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FOR THE YEAR ENDED 31 AUGUST 2021**

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**15. Investments**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 September 2019	1
Additions	250,000
	<hr/>
At 1 September 2020	250,001
Additions	-
	<hr/>
At 31 August 2021	250,001
 <b>Net book value</b>	
At 31 August 2021	250,001
	<hr/>
At 31 August 2020	250,001
	<hr/>

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**15. Investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Indigo Michael Limited	10 Brick Street, London, England, W1J 7HQ	Finance lender	Ordinary and Ordinary B	100%
Account Technologies Software Limited	10 Brick Street, London, England, W1J 7HQ	Software developer	Ordinary	100%
Account Technologies Innovation Limited	10 Brick Street, London, England, W1J 7HQ	Dormant	Ordinary	100%
Account Technologies Operation Limited	10 Brick Street, London, England, W1J 7HQ	Dormant	Ordinary	100%
Account Technologies Limited	10 Brick Street, London, England, W1J 7HQ	Dormant	Ordinary	100%
Account Technologies Property Services Limited*	10 Brick Street, London, England, W1J 7HQ	Dormant	Ordinary	100%

Additions of £250,000 in the prior year relate to an increase in the Company's investment in Indigo Michael Limited.

During the year four new subsidiaries were incorporated (Account Technologies Innovation Limited, Account Technologies Operation Limited, Account Technologies Limited and Account Technologies Property Services Limited) with a net book value of £0.01 each.

\*Account Technologies Property Services Limited is held indirectly via Account Technologies Innovation Limited.

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**16. Debtors**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Company 2021 £</b>	<b>Company 2020 £</b>
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	50,021,131	68,380,469
Other debtors	252,922	252,922	-	-
Deferred tax asset (note 23)	10,738	544,509	-	-
	<u>263,660</u>	<u>797,431</u>	<u>50,021,131</u>	<u>68,380,469</u>

Amounts owed by group undertakings are secured (2020: unsecured), repayable on 31 December 2030 or promptly on demand in writing by the lender and attract interest at the Bank of England Base Rate plus 12.5% (2020: 20%).

Other debtors after more than one year relates to a landlord rent deposit, refundable no later than 2024.

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Company 2021 £</b>	<b>Company 2020 £</b>
<b>Due within one year</b>				
Trade debtors - loans	50,041,077	59,112,786	-	-
Amounts owed by group undertakings	-	-	2,111,911	-
Other debtors	797,961	551,468	-	-
Prepayments and accrued income	732,413	441,392	-	-
Grants receivable	-	37,025	-	-
	<u>51,571,451</u>	<u>60,142,671</u>	<u>2,111,911</u>	<u>-</u>

The financial assets carried at amortised cost approximate fair value.

Amounts owed by group undertakings are secured (2020: unsecured), repayable on 31 December 2030 or promptly on demand in writing by the lender and attract interest at the Bank of England Base Rate plus 12.5% (2020: 20%).

A 5% increase or reduction in the Stage 1 bad rate would result in a £274,997 or (£274,997) impact on the ECL. A 5% increase or reduction in LGD rates would result in a £95,163 or (£95,163) impact on the ECL.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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FOR THE YEAR ENDED 31 AUGUST 2021**

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**16. Debtors (continued)**

	Expected loss rate 2021 £	Gross receivable 2021 £	Allowance for expected credit losses 2021 £	Net receivable 2021 £
<b>Trade receivables - loans aging analysis</b>				
Stage 1 (0-30)	4.32%	32,476,067	1,402,810	31,073,257
Stage 2 (31-60)	21.19%	8,302,893	1,759,353	6,543,540
Stage 3 (61-90+)	78.30%	57,254,328	44,830,048	12,424,280
	-	98,033,288	47,992,211	50,041,077

	Expected loss rate 2020 £	Gross receivable 2020 £	Allowance for expected credit losses 2020 £	Net receivable 2020 £
<b>Trade receivables - loans aging analysis</b>				
Stage 1 (0-30)	6.30%	52,999,548	3,348,078	49,651,470
Stage 2 (31-60)	63.88%	3,514,712	2,245,155	1,269,557
Stage 3 (61-90+)	93.19%	120,235,818	112,044,059	8,191,759
	-	176,750,078	117,637,292	59,112,786

The main factors considered by the Group when assessing expected credit losses are as follows:

Credit losses are measured on a collective basis, grouped together based on similar characteristics, primarily a) the brand under which loans are advanced and b) the number of monthly repayments missed. The evaluation includes an assessment of elements of loans which have been approved but were as yet undrawn at the date of the statement of financial position. The expected loss rates are based on the Group's historic loss rates incurred over the six months prior to the balance sheet date. Management have investigated the impact of macroeconomic changes and the impact on its customers since the Group started underwriting loans. The Group views the key macroeconomic factors affecting its customers as inflation, general interest rates, GDP growth and unemployment rates. Investigations have not revealed any clear causal correlation between these macroeconomic factors and the bad debt rate incurred by the Group during this year. Accordingly, the Group has no evidence of any material impact arising from changes in these macroeconomic factors in the near future.

Movements in the provision for expected credit losses for trade receivables during the year are as follows:

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FOR THE YEAR ENDED 31 AUGUST 2021**

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**16. Debtors (continued)**

	2021 £	2020 £
At 1 September	117,637,292	98,207,831
Increase in provision during the year	34,570,920	26,012,942
Receivables written off during the year	(104,216,001)	(6,583,481)
<b>At 31 August</b>	<u>47,992,211</u>	<u>117,637,292</u>

**17. Cash at bank and in hand**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	20,120,900	18,636,585	1,486,596	-
	<u>20,120,900</u>	<u>18,636,585</u>	<u>1,486,596</u>	<u>-</u>

Included in Cash at Bank and in hand is £6m (2020: £14m) which is held in a reserve account. While this cash is not restricted Midtown Madison Management has sole signing rights to the facility.

**18. Creditors: Amounts falling due within one year**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	550,400	1,367,621	-	-
Corporation tax	1,858,223	4,622,134	35,489	-
Other taxation and social security	312,508	300,494	-	-
Lease liabilities	651,197	1,130,008	-	-
Other creditors	1,058,745	431,791	674,676	-
Accruals and deferred income	4,593,934	2,915,891	432,319	-
	<u>9,025,007</u>	<u>10,767,939</u>	<u>1,142,484</u>	<u>-</u>

The directors consider that the carrying amount of the trade and other payables approximates fair value.

During the year the Group recognised £7,975,346 as other operating income from a debt sale. While consideration received equalled the carrying amount of the debt sold, a gain was realised on amounts previously provisioned for in the profit and loss account.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**19. Creditors: Amounts falling due after more than one year**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Company 2021 £</b>	<b>Company 2020 £</b>
Loan notes	49,302,679	64,480,469	49,302,679	64,480,469
Lease liabilities	4,756,330	2,720,062	-	-
Amounts owed to group undertakings	-	-	-	33
	<u>54,059,009</u>	<u>67,200,531</u>	<u>49,302,679</u>	<u>64,480,502</u>

The directors consider that the carrying amount of the loan notes and lease liabilities approximates fair value.

Amounts owed due to group undertakings are secured (2020: unsecured), repayable on 31 December 2030 or promptly on demand in writing by the lender and attract interest at the Bank of England Base Rate plus 12.5% (2020: 20%).

**20. Loan notes**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Company 2021 £</b>	<b>Company 2020 £</b>
<b>Amounts falling due 1-2 years</b>				
Loan notes - at redemption value	50,000,000	65,000,000	50,000,000	65,000,000
Loan notes - unamortised discount on issue	(697,321)	(519,531)	(697,321)	(519,531)
	<u>49,302,679</u>	<u>64,480,469</u>	<u>49,302,679</u>	<u>64,480,469</u>

On the 15 June 2021 the Group, refinanced £65,000,000 of debt owed, by issuing a £75,000,000 bond on the International Stock Exchange to the bond holder Midtown Madison Management. The Group has drawn £50,000,000 of the new facility as of 31st August 2021. The maturity date for the bond, which is in the form of senior secured floating rate notes, is 15th June 2024. The interest is payable monthly at a rate of 9.75% plus SONIA with a 0.25% rate floor. The loan notes were issued at a discount on issue and the discount is being amortised over the period of the loan. The loan notes are secured against the Group's assets.

Loudwater Ventures Limited and its subsidiaries Account Technologies Holdings Limited, Indigo Michael Limited and Account Technologies Software Limited have each entered into a debenture creating fixed and floating charges over all of their assets, property, business, undertaking and uncalled share capital as continuing security in favour of Midtown Madison Management LLC as security for the obligations of the Obligor under the Facility Agreement entered into with Midtown Madison Management LLC dated 15 June 2021. Under the Facility Agreement each company cross-guarantees the obligations of each other Obligor under the Facility Agreement.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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

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**21. Leases****Group as a lessee**

The Group leases various offices, typically for fixed periods of 5 – 10 years.

Lease liabilities are due as follows:

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Not later than one year	651,197	1,130,008
Between one year and five years	4,756,330	2,720,062
	<u>5,407,527</u>	<u>3,850,070</u>

The following amounts in respect of leases, where the Group is a lessee, have been recognised in profit or loss:

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Interest expense on lease liabilities	<u>520,369</u>	<u>420,449</u>

The total cash outflow for leases in 2021 was £728,637 (2020: £1,050,284).

The Company does not hold any leases (2020: £nil).



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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**22. Financial instruments**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Company 2021 £</b>	<b>Company 2020 £</b>
<b>Financial assets</b>				
Cash and cash equivalents	20,121,111	18,636,585	1,486,596	-
Financial assets measured at amortised cost	51,091,960	59,954,201	52,133,042	68,380,469
	<u>71,213,071</u>	<u>78,590,786</u>	<u>53,619,638</u>	<u>68,380,469</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(50,911,824)	(66,279,881)	(49,977,355)	(64,480,502)

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and grants receivable.

Financial liabilities measured at amortised cost comprise trade payables, other creditors, amounts owed to group undertakings and loan notes.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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FOR THE YEAR ENDED 31 AUGUST 2021**

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**23. Deferred taxation****Group**

	<b>2021 £</b>	<b>2020 £</b>
At the beginning of the year	544,509	3,664,338
Charged to profit or loss	(533,771)	(3,119,829)
<b>At the end of the year</b>	<b>10,738</b>	<b>544,509</b>

The deferred tax asset is made up as follows:

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Accelerated capital allowances	(415,031)	(216,151)
Short term temporary differences	10,707	6,380
Disallowed tax-interest expense	295,787	628,782
Tax credit and loss carry forward	119,275	125,498
	<b>10,738</b>	<b>544,509</b>

The deferred tax asset at 31 August 2021 is anticipated to be recoverable after more than one year.

There was no material unrecognised deferred tax at 31 August 2021 (2020: £nil).

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**24. Warrants****Atlanticus Warrants**

Warrants over 105,254 ordinary shares of £0.001 in Loudwater Ventures Limited were issued in favour of Atlanticus Holding Corporation in December 2014.

This warrant was issued as consideration for Atlanticus having provided an offer to refinance the previous AnaCap £10m facility and enable repayment in full of that facility. As part of the commercial terms agreed with Atlanticus at the time, it was agreed that Atlanticus would be given warrants over 105,254 shares, representing 5% of the issued ordinary shares in Loudwater Ventures Limited pre-dilution by the issue of shares and warrants to Indigo Funding Cayman Limited.

The warrant can be exercised at any time during the "Exercise Period" or conditionally upon the occurrence of an Exit. The Exercise Period means the period from the date 60 months after 31 December 2014 until the date 61 months after 31 December 2014.

The warrant is exercisable at the Subscription Price of £0.001 per Share (i.e. at nominal value).

As Indigo Michael Limited was the principal beneficiary of this agreement the charge for the accounting for these warrants is reflected in these financial statements under the principals of IFRS 2 'Share Based Payments'.

The warrants were exercised in January 2020.

**25. Changes in financing liabilities**

	<b>Loan notes £</b>	<b>Total £</b>
<b>Financing liabilities at 1 September 2019</b>	64,152,344	64,152,344
Amounts advanced to the Group	3,900,000	3,900,000
Interest charged on borrowings	8,284,986	8,284,986
Amortisation of discount on issue	328,125	328,125
Foreign exchange movements	-	-
Amounts advanced to the Group	(8,284,986)	(8,284,986)
Amounts repaid by the Group	-	-
<b>Financing liabilities at 31 August 2020</b>	68,380,469	68,380,469
Amounts advanced to the Group	-	-
Interest charged on borrowings	7,917,901	7,917,901
Amortisation of discount on issue	-	-
Foreign exchange movements	-	-
Amounts advanced to the Group	(7,917,901)	(7,917,901)
Amounts repaid by the Group	(19,077,790)	(19,077,790)
<b>Financing liabilities at 31 August 2021</b>	49,302,679	49,302,679

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**26. Called up share capital**

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
100 (2020: 100) Ordinary shares of £0.01 each	1	1

The share classes have similar entitlements in respect of voting rights and dividends. The full details are outlined in the Company's Articles of Association.

**27. Reserves****Group reconstruction reserve**

On 16 April 2019 the Company issued a further 98 ordinary £0.01 shares as consideration for the acquisition of all of the issued share capital of its sister companies, Indigo Michael Limited and Account Technologies Software Limited, as part of a Group re-organisation. These two companies became wholly owned subsidiaries on that date. In accordance with International Financial Reporting Standards, the acquisition of the Company's subsidiaries has been treated as a capital re-organisation.

**Other reserves**

The other reserve arose as a result of a share based payment transaction in which the company's parent issued warrants in return for a liquidity facility from which the Company was the beneficiary. As the asset recognised as a result of this capital contribution has been fully expensed, the reserve is now released and has therefore been transferred to P&L reserves in the prior period.

**Profit and loss account**

This reserve comprises the cumulative profits and losses of the Group and Company.

**28. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £145,893 (2020: £134,688). Contributions totalling £42,827 (2020: £33,578) were payable to the fund at the reporting date and are included in creditors.

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## ACCOUNT TECHNOLOGIES HOLDINGS LIMITED

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

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#### 29. Transactions with directors and key management

During the year the Group entered into the following transactions with directors and key management:

##### Mr J. Cameron

During the year the Group forgave and wrote off an amount of £nil (2020: £30,158) in respect of a loan to Mr J. Cameron, a director of a subsidiary undertaking. At the balance sheet date the Group was owed £nil (2020: £nil). Interest receivable amounted to £nil (2020: £1,074) calculated at 6% per annum.

Also, at the balance sheet date the Group owed £3,096 (2020: £nil) to J. Cameron. Interest payable amounted to £nil (2020: £nil).

##### Mr. R Ashton

At the balance sheet date the Group owed £892 (2020: £nil) to the Director. Interest payable amounted to £nil (2020: £nil).

#### 30. Related party transactions

The Company entered into the following related party transactions:

##### Atlanticus Holding Corporation

During the prior year, the Group had warrants over 105,254 ordinary £0.001 shares of Loudwater Ventures Limited. The Group recognises a capital contribution reserve of £497,197 relating to these. No capital contribution reserve was recognised during the year ended 31 August 2021.

##### Remuneration of key management personnel

The key management personnel are considered to be the directors of the Company and each of its subsidiaries on the basis that they are primarily responsible for directing the activities of the Group.

The remuneration of key management personnel is set out below in aggregate.

	2021 £	2020 £
Short-term employee benefits	629,491	787,744
Post-employment benefits	7,327	7,854
	<u>636,818</u>	<u>795,598</u>

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

The Company is claiming exemption from disclosing intra-group transactions by virtue of being parent of a Group with 100% subsidiaries, and that it produces consolidated financial statements.

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**ACCOUNT TECHNOLOGIES HOLDINGS LIMITED**

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**31. Post balance sheet events**

Since the year end, dividends totaling £5,000,000 have been paid to the Company's shareholders.

**32. Controlling party**

The immediate and ultimate parent undertaking is Loudwater Ventures Limited (formerly Account Technologies Limited). The parent undertaking of the smallest and largest Group, which includes the Company and for which Group financial statements are prepared, is Loudwater Ventures Limited, a company incorporated in the United Kingdom. Copies of the Group financial statements of Loudwater Ventures Limited are available from 10 Brick Street, Mayfair, London, W1J 7HQ. The company's immediate controlling party is Loudwater Ventures Limited.

The ultimate controlling party is Mr I McKenzie by virtue of his majority shareholding in the ultimate parent company, Loudwater Ventures Limited, a company incorporated in the United Kingdom.