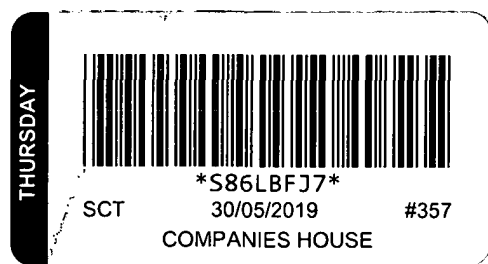


ALLIED INTERNATIONAL CREDIT (UK) LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018



Martin Aitken & Co Ltd
Statutory Auditor
Chartered Accountants
Caledonia House
89 Seaward Street
Glasgow
G41 1HJ

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

The directors remain committed to the growth and long term stability of the company. In the year under review, turnover increased 31% to £10,160,390 from £7,768,477 in 2017 due both to volume and organic growth in clients. The directors expect this growth trend to continue.

Profit before taxation of £1,004,269 compares with £388,180 in 2017, as set out in the Income Statement on page 7. Whilst the company continues to invest in staff as the business grows, cost control across the business continues to be a focus of management attention.

The company reported no major non-conformity in service quality during the year and its quality of service continues to be recognised as being amongst the best in class. The company remains ISO 9001 and ISO 27001 compliant.

PRINCIPAL RISKS AND UNCERTAINTIES

The company does not envisage any major risks or uncertainties in achieving its business objectives. The directors believe the only significant risk to be changes in the stance of regulators. Continuing to provide high levels of service to clients whilst treating all customers fairly and with the utmost respect is fundamental to the business and will ensure the ongoing success of the company. Ongoing investment in technology minimises risk in that area.

Fraud and business risk:

The company keeps these areas under continual review. Company procedures are periodically reviewed and any failings addressed immediately. Key performance indicators are used to measure and monitor business critical issues.

Liquidity risk:

The company aims to minimise liquidity risk by managing funds generated by its operations. The directors believe that the company's exposure to liquidity risk and cash flow risk is minimised by the highly professional debt collection methods used by its employees.

Business continuity and disaster recovery risk:

The directors have recognised the key issues and risks that would require to be addressed in the event of any business continuity issues. Data is backed-up offsite.

FCA AUTHORISATION

The company has maintained its full authorisation from the Financial Conduct Authority (FCA) to deliver financial services. We have ensured, and will continue to ensure, that compliance is intrinsic to our core business training, service delivery and business strategy. This ongoing commitment to compliance assures customers, clients and regulators alike that the company's business is carried out with transparency and fairness.

FINANCIAL INSTRUMENTS

The company has adopted the disclosure and presentational requirements of FRS102. When a basic financial asset or liability is disclosed initially it is measured at amortised cost. Non-basic financial instruments are to be valued at fair value plus or minus transaction costs. The company regularly monitors its exposure to risks.

The company actively manages its accounts receivable and has agreed payment terms for its trade liabilities including mutual agreement of the amounts to be paid.

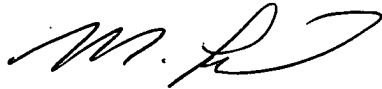
The company is satisfied with the level of cash flow being maintained.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

FUTURE DEVELOPMENTS

The company intends to focus on its debt collection activity, the development of its staff to optimise their collection interaction with customers, and maximising compliance with best practice in the debt collection industry. The company prides itself on its ability to build and retain relationships with clients that are long lasting, based on collaborative working and ability to deliver to clients' satisfaction. The company has successfully grown through the acquisition of new clients and intends to continue that in addition to growing organically.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'M. Roseweir', with a stylized flourish at the end.

M Roseweir - Director

5 April 2019

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of a debt collection agency.

DIVIDENDS

No interim dividend was paid during the year. The directors recommend a final dividend of £1,500 per share.

The total distribution of dividends for the year ended 31 December 2018 will be £3,000,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

K Johnston
D Rae
M Roseweir

DIVERSITY

The company's recruitment and staff development policies are designed to take no account of ethnicity, age or gender and to provide appropriate adjustment for disabled persons, having regard to their aptitudes and abilities.

STAFF DEVELOPMENT

All staff are encouraged to participate actively in their own and the company's development through a process of one to one and group meetings.

DISCLOSURE IN THE STRATEGIC REPORT

Information on financial risk management is included in the strategic report on page 1.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

AUDITORS

Martin Aitken & Co Ltd are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'M. Roseweir', written in a cursive style.

M Roseweir - Director

5 April 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ALLIED INTERNATIONAL CREDIT (UK) LIMITED

Opinion

We have audited the financial statements of Allied International Credit (UK) Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ALLIED INTERNATIONAL CREDIT (UK) LIMITED

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

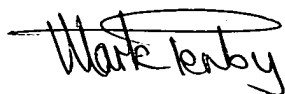
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors 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.

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

Use of our report

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



Mark Tenby BA (Hons) CA (Senior Statutory Auditor)
for and on behalf of Martin Aitken & Co Ltd
Statutory Auditor
Chartered Accountants
Caledonia House
89 Seaward Street
Glasgow
G41 1HJ

5 April 2019

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
TURNOVER	3	10,160,390	7,768,477
Administrative expenses		<u>(9,227,493)</u>	<u>(7,379,136)</u>
		932,897	389,341
Other operating income		<u>73,016</u>	<u>-</u>
OPERATING PROFIT	5	1,005,913	389,341
Interest payable and similar expenses	6	<u>(1,644)</u>	<u>(1,161)</u>
PROFIT BEFORE TAXATION		1,004,269	388,180
Tax on profit	7	<u>(209,853)</u>	<u>(79,406)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>794,416</u>	<u>308,774</u>

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
PROFIT FOR THE YEAR		794,416	308,774
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>794,416</u>	<u>308,774</u>

BALANCE SHEET
31 DECEMBER 2018

		2018		2017	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	9		88,767		60,639
Investments	10		4		4
			<u>88,771</u>		<u>60,643</u>
CURRENT ASSETS					
Debtors	11	3,297,848		4,618,400	
Cash at bank		<u>1,504,332</u>		<u>1,306,095</u>	
		4,802,180		5,924,495	
CREDITORS					
Amounts falling due within one year	12	<u>2,605,893</u>		<u>1,546,986</u>	
NET CURRENT ASSETS			<u>2,196,287</u>		<u>4,377,509</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,285,058</u>		<u>4,438,152</u>
CREDITORS					
Amounts falling due after more than one year	13		<u>309,488</u>		<u>256,998</u>
NET ASSETS			<u><u>1,975,570</u></u>		<u><u>4,181,154</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		2,000		2,000
Retained earnings			<u>1,973,570</u>		<u>4,179,154</u>
SHAREHOLDERS' FUNDS			<u><u>1,975,570</u></u>		<u><u>4,181,154</u></u>

The financial statements were approved by the Board of Directors on 5 April 2019 and were signed on its behalf by:



M Roseweir - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2017	2,000	3,870,380	3,872,380
Changes in equity			
Total comprehensive income	-	308,774	308,774
Balance at 31 December 2017	<u>2,000</u>	<u>4,179,154</u>	<u>4,181,154</u>
Changes in equity			
Dividends	-	(3,000,000)	(3,000,000)
Total comprehensive income	-	794,416	794,416
Balance at 31 December 2018	<u>2,000</u>	<u>1,973,570</u>	<u>1,975,570</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	3,294,837	(719,656)
Interest element of finance lease payments paid		(1,644)	(1,161)
Tax paid		(63,951)	(89,295)
Net cash from operating activities		<u>3,229,242</u>	<u>(810,112)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(65,911)</u>	<u>(9,980)</u>
Net cash from investing activities		<u>(65,911)</u>	<u>(9,980)</u>
Cash flows from financing activities			
Finance leases in year		34,906	(5,366)
Equity dividends paid		<u>(3,000,000)</u>	<u>-</u>
Net cash from financing activities		<u>(2,965,094)</u>	<u>(5,366)</u>
Increase/(decrease) in cash and cash equivalents		<u>198,237</u>	<u>(825,458)</u>
Cash and cash equivalents at beginning of year	2	<u>1,306,095</u>	<u>2,131,553</u>
Cash and cash equivalents at end of year	2	<u><u>1,504,332</u></u>	<u><u>1,306,095</u></u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit before taxation	1,004,269	388,180
Depreciation charges	37,783	109,973
Finance costs	1,644	1,161
	<u>1,043,696</u>	<u>499,314</u>
Decrease/(increase) in trade and other debtors	1,307,131	(1,117,151)
Increase/(decrease) in trade and other creditors	944,010	(101,819)
	<u>3,294,837</u>	<u>(719,656)</u>
Cash generated from operations	<u><u>3,294,837</u></u>	<u><u>(719,656)</u></u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 31 December 2018

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	<u>1,504,332</u>	<u>1,306,095</u>

Year ended 31 December 2017

	31/12/17	1/1/17
	£	£
Cash and cash equivalents	<u>1,306,095</u>	<u>2,131,553</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. STATUTORY INFORMATION

Allied International Credit (UK) Limited is a private limited company incorporated in England and Wales. Its registered office is at Suites B and D, 2nd Floor, Adamson House, Towers Business Park, Wilmslow Road, Didsbury, Manchester, M20 2YY.

The financial statements are presented in Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2016. The financial statements have been prepared under the historical cost convention. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Going Concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Preparation of consolidated financial statements

The financial statements contain information about Allied International Credit (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Bill Gosling Outsourcing Holding Corp, 16635 Yonge Street, Suite 26, Newmarket, ON L3X 1VX, Canada.

Significant judgements and estimates

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Turnover

Revenue is recognised in turnover when persuasive evidence of an arrangement exists, services have been rendered, the price is fixed or determinable and collectability of the fee is reasonably assured.

Collections revenue is recognised as services are performed, generally upon collection of funds on behalf of clients and when the amount of revenue is determined based on the specific contractual terms with each client. Such turnover represents invoiced sales of services and excludes value added tax. Under certain performance-based arrangements, the company is compensated based on the achievement of certain pre-established performance criteria. The company recognises this revenue, net of value added tax, in turnover based upon measuring actual results against the performance criteria.

Revenue associated with receivables management services and interactive voice communication is recognised as those services are performed in accordance with the contractual terms with those customers.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- in accordance with the property
Equipment, fixtures and fittings	- 25% on cost, 20% on cost and 4% straight line

Tangible fixed assets are included at cost less depreciation and impairment.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Taxation

Taxation represents the sum of tax currently payable and deferred tax. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

With the exception of changes arising on the initial recognition of a business combination, the tax expense is presented either in profit or loss, other comprehensive income or statement of changes in equity depending on the transaction that resulted in the tax expense.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme that is open to directors and employees of the company. The assets of the scheme are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the company.

Clients' trust funds

In performing collections services, the company collects funds from debtors on behalf of clients. Upon receipt these funds are placed in trust accounts until funds are remitted to clients in periods ranging from one day to one month. The company is restricted from using these funds in its operations.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Financial instruments

The company considers any contract creating a financial asset, financial liability or equity instrument as a financial instrument, except in certain limited circumstances. The company accounts for cash at bank and all debtor and creditor amounts due within and after one year, including clients' trust funds and clients' trust funds payable as financial instruments.

The company only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are recognised at amortised cost.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

3. TURNOVER

The turnover and profit before taxation were all derived from the company's principal activity undertaken in the United Kingdom.

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	4,841,602	4,279,418
Social security costs	301,742	299,405
Other pension costs	39,048	21,132
	<u>5,182,392</u>	<u>4,599,955</u>

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

	2018	2017
Number of administrative staff	<u>291</u>	<u>255</u>

	2018	2017
	£	£
Directors' remuneration	<u>103,399</u>	<u>103,002</u>

5. OPERATING PROFIT

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

	2018	2017
	£	£
Hire of plant and machinery	173,150	154,053
Depreciation - owned assets	31,873	104,063
Depreciation - assets on finance leases	5,910	5,910
Auditors' remuneration	33,075	31,200
Foreign exchange differences	<u>3,771</u>	<u>(13,856)</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Leasing	<u>1,644</u>	<u>1,161</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2018 £	2017 £
Current tax:		
UK corporation tax	196,432	86,907
Deferred tax	13,421	(7,501)
Tax on profit	<u>209,853</u>	<u>79,406</u>

Reconciliation of total tax charge included in profit and loss

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

	2018 £	2017 £
Profit before tax	<u>1,004,269</u>	<u>388,180</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.247%)	190,811	74,713
Effects of:		
Expenses not deductible for tax purposes	16,577	2,547
Capital allowances in excess of depreciation	(10,969)	-
Depreciation in excess of capital allowances	-	2,142
Adjustments to tax charge in respect of previous periods	13	4
Deferred tax provision	<u>13,421</u>	<u>-</u>
Total tax charge	<u>209,853</u>	<u>79,406</u>

8. DIVIDENDS

	2018 £	2017 £
Ordinary shares of £1 each		
Final	<u>3,000,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

9. TANGIBLE FIXED ASSETS

	Improvements to property £	Equipment, fixtures and fittings £	Totals £
COST			
At 1 January 2018	254,056	1,899,372	2,153,428
Additions	6,630	59,281	65,911
At 31 December 2018	260,686	1,958,653	2,219,339
DEPRECIATION			
At 1 January 2018	237,918	1,854,871	2,092,789
Charge for year	12,911	24,872	37,783
At 31 December 2018	250,829	1,879,743	2,130,572
NET BOOK VALUE			
At 31 December 2018	9,857	78,910	88,767
At 31 December 2017	16,138	44,501	60,639

Fixed assets, included in the above, which are held under finance leases are as follows:

	Equipment, fixtures and fittings £
COST	
At 1 January 2018	17,730
Additions	46,161
At 31 December 2018	63,891
DEPRECIATION	
At 1 January 2018	7,880
Charge for year	5,910
At 31 December 2018	13,790
NET BOOK VALUE	
At 31 December 2018	50,101
At 31 December 2017	9,850

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2018	
and 31 December 2018	4
NET BOOK VALUE	
At 31 December 2018	4
At 31 December 2017	4

At the balance sheet date, the company had a 100% interest in the ordinary shares of Neptune Innovations Limited and Red Knight Recoveries Limited which are both incorporated in England and are dormant.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	2,268,682	2,032,162
Other debtors	167,872	144,488
Amounts owed by group undertakings	849,295	2,416,330
Deferred tax asset	11,999	25,420
	<u>3,297,848</u>	<u>4,618,400</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Finance leases (see note 14)	18,576	6,019
Trade creditors	1,091,038	849,231
Amounts owed to group undertakings	4	4
Corporation tax	178,385	45,904
VAT	467,657	388,008
Other creditors	454,579	3,506
Accruals and deferred income	395,654	254,314
	<u>2,605,893</u>	<u>1,546,986</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Finance leases (see note 14)	25,628	3,279
Accruals and deferred income	283,860	253,719
	<u>309,488</u>	<u>256,998</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Finance leases	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	18,576	6,019
Between one and five years	25,628	3,279
	<u>44,204</u>	<u>9,298</u>
	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	308,505	248,562
Between one and five years	1,473,376	1,591,881
In more than five years	47,500	237,500
	<u>1,829,381</u>	<u>2,077,943</u>

15. FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

16. DEFERRED TAX

	£
Balance at 1 January 2018	(25,420)
Provided during year	<u>13,421</u>
Balance at 31 December 2018	<u>(11,999)</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2018	2017
Number:	Class:	Nominal value:		
			£	£
2,000	Ordinary	£1	<u>2,000</u>	<u>2,000</u>

The rights attaching to the Ordinary shares shall be determined from time to time in meetings by the directors.

18. ULTIMATE PARENT COMPANY

Bill Gosling Outsourcing Holding Corp (incorporated in Canada) is regarded by the directors as being the company's ultimate parent company.

Consolidated group accounts are available from the parent company, Bill Gosling Outsourcing Holding Corp, 16635 Yonge Street, Suite 26, Newmarket, ON, L3X 1VX, Canada.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. CONTINGENT LIABILITIES

The company, together with other group companies, has entered into cross guarantees in favour of HSBC Bank of Canada in respect of all group monies and liabilities due or becoming due to the Bank.

20. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

21. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge for the year in respect of this scheme amounted to £39,048 (2017: £21,132).

There was £45,699 outstanding at 31 December 2018 (2017: £nil).