

ALLIED INTERNATIONAL CREDIT (UK) LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Martin Aitken & Co Ltd
Statutory Auditor
Chartered Accountants
Caledonia House
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FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

REVIEW OF BUSINESS

The directors remain committed to the growth and long term stability of the company. In the year under review, turnover increased 16% to £8,964,254 from £7,744,567 in 2021. The directors expect this trend to continue and have forecasted and realised improved performance in 2023 aided by increased sales. Profit before taxation of £1,641,987 compares with £794,260 in 2021 as set out in the Profit and Loss Account on page 8. Whilst the company continues to invest in staff, cost control across the business continues to be a focus of management attention. Furthermore, due to the wider group's use of the company's resources, there is a head office recharge credit in the year of £671,784 (2021: cost of £268,568), which contributes to the current profit levels. Also, within the year, the company ended a lease of additional office space and as a result, incurred dilapidation and final lease costs of £228,997 which are not recurring.

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 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 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 trust 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 2022**

FUTURE DEVELOPMENTS

The company will continue to deliver Debt Collection Services to existing clients whilst maximising the potential of "Self Service" to our clients' customers. Optimising the Omni-Channel approach will ensure that the Company is well-positioned through investment in technology combined with training and upskilling of agents for future growth. At the forefront of all customer interactions is compliance and working collaboratively with both clients and regulators.

The company will maintain full oversight of all communication channels and continue to monitor for opportunities to ensure continuous improvement. The company remains committed to diversify the services offered (outsourcing, insourcing, quality assurance, etc.) both to existing clients and through signing on with new clients which will ensure wider-ranging service delivery. The company prides itself on the longevity of relationships with its existing client base and looks forward to enrolling new clients and services. The company will continue to invest in technology to ensure it remains at the forefront of services offered within the industry.

ON BEHALF OF THE BOARD:

M Roseweir - Director

26 June 2023

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

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

PRINCIPAL ACTIVITY

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

DIVIDENDS

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

DIRECTORS

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

K Johnston
D Rae
M Roscweir

DIVERSITY

The company's recruitment and staff development policies are designed to not bias staff on ethnicity, age or gender and to provide appropriate adjustment for disabled persons, having regard to their aptitudes and abilities.

STAFF DEVELOPMENT AND INVOLVEMENT

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.

The company holds regular meetings between senior management and employees to discuss on-going concerns. Directors also run an Achievers Platform to promote the success of well-performing members of staff.

DISCLOSURE IN THE STRATEGIC REPORT

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's Strategic Report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Director's Report. It has done so in respect of financial instruments.

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). 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;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

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

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.

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:

M Roseweir - Director

26 June 2023

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 2022 which comprise the Profit and Loss Account, 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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

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

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

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

Other information

The 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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. 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

Auditors' responsibilities for the audit of the financial statements - continued

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

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

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

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

26 June 2023

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
TURNOVER	3	8,964,254	7,744,567
Administrative expenses		<u>(7,323,459)</u>	<u>(6,951,963)</u>
		1,640,795	792,604
Other operating income		<u>-</u>	<u>1,610</u>
OPERATING PROFIT	5	1,640,795	794,214
Interest receivable and similar income		<u>1,192</u>	<u>46</u>
PROFIT BEFORE TAXATION		1,641,987	794,260
Tax on profit	6	<u>(286,790)</u>	<u>(143,023)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,355,197</u>	<u>651,237</u>

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		1,355,197	651,237
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,355,197</u>	<u>651,237</u>

BALANCE SHEET
31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	7		168,312		211,816
CURRENT ASSETS					
Debtors	8	4,420,465		2,636,030	
Cash at bank and in hand		<u>1,014,190</u>		<u>1,179,627</u>	
		5,434,655		3,815,657	
CREDITORS					
Amounts falling due within one year	9	<u>2,456,546</u>		<u>2,179,259</u>	
NET CURRENT ASSETS			<u>2,978,109</u>		<u>1,636,398</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,146,421		1,848,214
CREDITORS					
Amounts falling due after more than one year	10		(56,389)		(106,027)
PROVISIONS FOR LIABILITIES	12		<u>(23,497)</u>		<u>(30,849)</u>
NET ASSETS			<u>3,066,535</u>		<u>1,711,338</u>
CAPITAL AND RESERVES					
Called up share capital	13		2,000		2,000
Retained earnings	14		<u>3,064,535</u>		<u>1,709,338</u>
SHAREHOLDERS' FUNDS			<u>3,066,535</u>		<u>1,711,338</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 June 2023 and were signed on its behalf by:

M Roseweir - Director

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

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	2,000	1,058,101	1,060,101
Changes in equity			
Total comprehensive income	-	651,237	651,237
Balance at 31 December 2021	<u>2,000</u>	<u>1,709,338</u>	<u>1,711,338</u>
Changes in equity			
Total comprehensive income	-	1,355,197	1,355,197
Balance at 31 December 2022	<u>2,000</u>	<u>3,064,535</u>	<u>3,066,535</u>

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

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	103,699	(580,867)
Tax paid		<u>(230,892)</u>	<u>(14,140)</u>
Net cash from operating activities		<u>(127,193)</u>	<u>(595,007)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(39,436)	(53,531)
Interest received		<u>1,192</u>	<u>46</u>
Net cash from investing activities		<u>(38,244)</u>	<u>(53,485)</u>
Decrease in cash and cash equivalents		<u>(165,437)</u>	<u>(648,492)</u>
Cash and cash equivalents at beginning of year	2	1,179,627	1,828,119
Cash and cash equivalents at end of year	2	<u><u>1,014,190</u></u>	<u><u>1,179,627</u></u>

The notes form part of these financial statements

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

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

	2022 £	2021 £
Profit before taxation	1,641,987	794,260
Depreciation charges	82,940	79,391
Finance income	<u>(1,192)</u>	<u>(46)</u>
	1,723,735	873,605
Increase in trade and other debtors	(1,784,435)	(674,246)
Increase/(decrease) in trade and other creditors	<u>164,399</u>	<u>(780,226)</u>
Cash generated from operations	<u>103,699</u>	<u>(580,867)</u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 31 December 2022

	31/12/22 £	1/1/22 £
Cash and cash equivalents	<u>1,014,190</u>	<u>1,179,627</u>

Year ended 31 December 2021

	31/12/21 £	1/1/21 £
Cash and cash equivalents	<u>1,179,627</u>	<u>1,828,119</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/22 £	Cash flow £	At 31/12/22 £
Net cash			
Cash at bank and in hand	<u>1,179,627</u>	<u>(165,437)</u>	<u>1,014,190</u>
	<u>1,179,627</u>	<u>(165,437)</u>	<u>1,014,190</u>
Total	<u>1,179,627</u>	<u>(165,437)</u>	<u>1,014,190</u>

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

1. STATUTORY INFORMATION

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

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 2006.. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy. There were no material departures from this standard.

The financial statements are presented in Sterling (£).

Going concern

After reviewing the company's forecast 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.

Judgements

The company considers on an annual basis the judgements that are made by management when applying its significant accounting policies that would have the most significant effect on amounts that are recognised in the financial statements.

Information and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make 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.

The directors consider the key sources of estimation uncertainty to be as follows: -

- Tangible fixed assets are depreciated over their estimated useful lives. The actual lives of the assets are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as usage and maintenance programmes are taken into account. The directors assessed that no changes were required to the estimated useful lives of the tangible fixed assets and, therefore, determined that the stated depreciation policies applied in prior years remain appropriate.

- At the balance sheet date, the directors consider whether there are any indicators that the trade debtor balances relating to services rendered will not be recoverable, to ensure an adequate provision is made for any potentially irrecoverable amounts. Based on their knowledge of the customers concerned, the directors have made provisions against irrecoverable debts.

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

2. ACCOUNTING POLICIES - continued

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.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

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 accumulated depreciation and accumulated impairment losses.

The capitalisation policy is a minimum spend of £500.

Impairment of non-financial assets

At each reporting date, non-financial assets not carried at fair value, like plant and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with the carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit and loss.

Government grants

Government grants of a capital nature are taken to a separate deferred income account and released to the profit and loss account in accordance with the company's depreciation policy over the useful economic life of the asset concerned. Grants of a revenue nature are taken to the profit and loss account in the period in which the expenditure is incurred. Grants that become receivable as compensation for expense or losses already incurred or for the purpose of giving immediate financial support with no future related costs are recognised in income in the period in which it becomes receivable.

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

2. ACCOUNTING POLICIES - continued

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 2022**

2. ACCOUNTING POLICIES - continued

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans from banks and to related parties.

Debt instruments like loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and trade creditors, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received.

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Provisions for liabilities

Provisions are recognised when the company has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

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

	2022	2021
	£	£
Wages and salaries	5,308,670	4,228,959
Social security costs	397,214	366,702
Other pension costs	84,467	62,987
	<u>5,790,351</u>	<u>4,658,648</u>

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

	2022	2021
Number of administrative staff	<u>272</u>	<u>223</u>

The key management personnel of the company comprise the directors. During the year, the total employee benefits for the key management personnel were £129,281 (2021 - £117,617).

	2022	2021
	£	£
Directors' remuneration	129,281	117,508
Directors' pension contributions to money purchase schemes	<u>-</u>	<u>109</u>

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

4. EMPLOYEES AND DIRECTORS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	-	1
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5. OPERATING PROFIT

The operating profit is stated after charging:

	2022	2021
	£	£
Hire of plant and machinery	90,621	175,251
Depreciation - owned assets	82,940	79,391
Auditors' remuneration	26,339	34,200
Foreign exchange differences	<u>8,167</u>	<u>3,998</u>

6. TAXATION

Analysis of the tax charge

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

	2022	2021
	£	£
Current tax:		
UK corporation tax	315,085	138,141
Over provision in prior year	<u>(20,943)</u>	-
Total current tax	294,142	138,141
Deferred tax	<u>(7,352)</u>	4,882
Tax on profit	<u>286,790</u>	<u>143,023</u>

Reconciliation of total tax charge included in profit and loss

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

	2022	2021
	£	£
Profit before tax	<u>1,641,987</u>	<u>794,260</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	311,978	150,909
Effects of:		
Expenses not deductible for tax purposes	279	1,410
Capital allowances in excess of depreciation	-	(70,279)
Depreciation in excess of capital allowances	3,414	-
Adjustments to tax charge in respect of previous periods	(20,942)	30,134
Pension adjustment	(587)	-
Deferred tax provision adjustment	<u>(7,352)</u>	<u>30,849</u>
Total tax charge	<u>286,790</u>	<u>143,023</u>

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

7. TANGIBLE FIXED ASSETS

	Improvements to property £	Equipment, fixtures and fittings £	Totals £
COST			
At 1 January 2022	264,682	2,199,394	2,464,076
Additions	-	39,436	39,436
At 31 December 2022	<u>264,682</u>	<u>2,238,830</u>	<u>2,503,512</u>
DEPRECIATION			
At 1 January 2022	256,548	1,995,712	2,252,260
Charge for year	1,465	81,475	82,940
At 31 December 2022	<u>258,013</u>	<u>2,077,187</u>	<u>2,335,200</u>
NET BOOK VALUE			
At 31 December 2022	<u>6,669</u>	<u>161,643</u>	<u>168,312</u>
At 31 December 2021	<u>8,134</u>	<u>203,682</u>	<u>211,816</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	1,906,239	1,705,219
Other debtors	128,348	220,223
Amounts owed by group undertakings	<u>2,385,878</u>	<u>710,588</u>
	<u>4,420,465</u>	<u>2,636,030</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	1,088,373	1,066,724
Corporation tax	187,251	124,001
Social security and other taxes	140,524	121,558
VAT	385,090	323,430
Other creditors	28,271	73,618
Accruals and deferred income	<u>627,037</u>	<u>469,928</u>
	<u>2,456,546</u>	<u>2,179,259</u>

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

	2022 £	2021 £
Accruals and deferred income	<u>56,389</u>	<u>106,027</u>

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

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	194,605	271,178
Between one and five years	<u>381,151</u>	<u>575,757</u>
	<u>575,756</u>	<u>846,935</u>

12. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax	<u>23,497</u>	<u>30,849</u>
		Deferred tax
		£
Balance at 1 January 2022		30,849
Provided during year		<u>(7,352)</u>
Balance at 31 December 2022		<u>23,497</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
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.

14. RESERVES

	Retained earnings
	£
At 1 January 2022	1,709,338
Profit for the year	<u>1,355,197</u>
At 31 December 2022	<u>3,064,535</u>

15. ULTIMATE PARENT COMPANY

Bill Gosling Outsourcing 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 Corp, 16635 Yonge Street, Suite 26, Newmarket, ON, L3X 1VX, Canada.

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

16. CONTINGENT LIABILITIES

The company, together with other group companies, has entered into cross guarantees in favour of HSBC Bank Canada in respect of all group monies and liabilities due or becoming due to the Bank. A fixed and floating charge is in place over the property and undertakings of the company in relation to the debenture with HSBC Bank Canada.

17. 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.

18. 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 £84,467 (2021: £62,987).

There was £18,093 outstanding at 31 December 2022 (2021: £28,517).

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