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**COLLECTICA LIMITED**

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**UNAUDITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2023**

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**COLLECTICA LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M Johnson (appointed 4 August 2023) M J Corcoran (resigned 15 September 2023) S J Callaghan (resigned 4 August 2023)
<b>Company secretary</b>	Squire Patton Boggs Secretarial Services Limited
<b>Registered number</b>	03517395
<b>Registered office</b>	12th Floor One America Square London EC3N 2LS
<b>Bankers</b>	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
<b>Solicitors</b>	<i>Squire Patton Boggs (UK) LLP</i> 6 Wellington Place Leeds LS1 4AP  Travers Smith LLP 10 Snow Hill London EC1A 2AL

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**COLLECTICA LIMITED**

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**COLLECTICA LIMITED**  
**REGISTERED NUMBER: 03517395**

**BALANCE SHEET**  
**AS AT 31 MAY 2023**

	Note	2023 £000	2022 £000
<b>Current assets</b>			
Debtors	6	20,978	25,893
Cash at bank and in hand		3	1
		<u>20,981</u>	<u>25,894</u>
Creditors: amounts falling due within one year	7	(28,859)	(33,765)
<b>Net current liabilities</b>		<u>(7,878)</u>	<u>(7,871)</u>
<b>Total assets less current liabilities</b>		<u>(7,878)</u>	<u>(7,871)</u>
<b>Net liabilities</b>		<u>(7,878)</u>	<u>(7,871)</u>
<b>Capital and reserves</b>			
Called up share capital		2	2
Profit and loss account		(7,880)	(7,873)
		<u>(7,878)</u>	<u>(7,871)</u>

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**COLLECTICA LIMITED**  
**REGISTERED NUMBER: 03517395**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MAY 2023**

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For the year ending 31 May 2023 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board on 20 February 2024 and were signed on its behalf by:



.....  
**M Johnson**  
Director

The notes on pages 4 to 12 form part of these financial statements.

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COLLECTICA LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2023

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	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 June 2021	2	(7,866)	(7,864)
Loss for the year	-	(7)	(7)
At 1 June 2022	2	(7,873)	(7,871)
Loss for the year	-	(7)	(7)
At 31 May 2023	2	(7,880)	(7,878)

The notes on pages 4 to 12 form part of these financial statements.

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## COLLECTICA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

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#### 1. General information

Collectica Limited ("the Company") is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:  
12th Floor One America Square  
London  
United Kingdom  
EC3N 2LS

#### 2. Accounting policies

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

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

Collectica Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it.

The functional currency of Collectica Limited is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the Company operates.

##### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Free Flow Topco Limited as at 31 May 2023 and these financial statements may be obtained from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.

The following principal accounting policies have been applied:

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## COLLECTICA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

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## 2. Accounting policies (continued)

### 2.3 Going concern

The Company forms part of a group of companies which are consolidated into the ultimate parent undertaking, Free Flow Topco Limited.

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation for these financial statements, the Board has assessed the Group and Company's ability to continue as a going concern for a period of twelve months from the date of approval of these financial statements. This assessment included base forecasts, which were subsequently sensitised for plausible downside scenarios, and then compared with available cash and other covenant requirements as applicable.

The base level forecast, reviewed and approved by the Board, was produced through to February 2025, and incorporates a range of assumptions applicable to the individual operating business units. The ability to accurately forecast future business performance varies across business units. Contractually based revenues, which cover our largest business units, are only significantly impacted by contractual changes usually known at least up to 12 months in advance. Other business units, principally Enforcement, Commercial Debt and Traffic Technology, have more variability due to the impact of volumetric changes such as caseload volumes, and these were most impacted by Covid-19 restrictions. In previous periods, our forecasts had to make high level assumptions on the return to pre-pandemic levels of business, which had inherently higher levels of uncertainty. As we move further from the pandemic era and have more trading experience in the post-pandemic environment, we are able to forecast with increased confidence in our assumptions.

Our base forecast assumes that the period to February 2025 will see revenues return to the levels seen pre-pandemic, which is supported by our experiences in the 2023 calendar year to date. The forecasts also assume a level of increased operating costs. Although in the current economic environment forecasting future costs includes an elevated level of uncertainty, we are seeing more stabilisation in our main cost drivers as inflation has reduced in the second half of 2023, and supply side pressures associated with this have eased. The Group is also well advanced with delivering procurement and resource cost savings through a comprehensive cost review that mitigate these impacts. The Group to which the Company belongs has also taken measures to limit its exposure to the interest rate risk on its borrowings by entering into an interest rate hedge that largely caps the maximum cash outflow were interest rates to rise further over the next 12 months. The investors have provided the ultimate parent undertaking, Free Flow Topco Limited, and its subsidiaries with letters of support which confirm that they are committed to provide financial and operational resources to the Company, were these to be required, for a period up to 18 months from the signing of the financial statements.

The Board have additionally considered plausible downside scenarios in a sensitised version, and their impact on the forecast covering the same time period. The approach taken has been to determine specific cash and EBITDA drivers across the business units and model the impact of plausible deterioration of these over the forecast period, along with the impact of mitigations where these are wholly in the control of the business.

Both the base level and sensitised forecasts demonstrate that the Group will remain in compliance with cash requirements and EBITDA covenants in the assessment period to February 2025. Therefore, with the improving business stability and the Board's increased confidence in its ability to forecast, the Directors have confidence that the headroom available against any further potential downside identified in our modelling is adequate to meet the requirements of our going concern assessment.



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## COLLECTICA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

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## 2. Accounting policies (continued)

### 2.4 Revenue

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

#### Rendering of services

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

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

#### Compliance fee

Turnover is recognised on cases completing the fixed fee compliance process where the fee has not been recovered in full. The turnover is calculated based on the number of open cases completing the compliance process less a provision for collection risk based upon historic collection levels. No discounting for the time value of money is applied.

### 2.5 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.6 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.

### 2.7 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 2.8 Current and deferred tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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## COLLECTICA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

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#### 2. Accounting policies (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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## COLLECTICA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

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## 2. Accounting policies (continued)

### 2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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

### 2.10 Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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COLLECTICA LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023

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

In the application of the company's accounting policies, which are described in note 2, 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.

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

There are no significant estimates or judgements used in preparing these accounts, other than those detailed below.

**Impairment of amounts owed by group undertakings**

Amounts owed by group undertakings at 31 May 2023 were £20,965,000 (2022: £25,879,000). In the year, we have assessed the recoverability of the amounts owed by group undertakings and identified no indications of impairment.

**4. Employees**

The Company has no employees other than the directors, who did not receive any remuneration (2022 - £NIL).

**5. Taxation**

	2023 £000	2022 £000
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	1	1
Changes to tax rates	1	1
<b>Total deferred tax</b>	2	2
<b>Taxation on loss on ordinary activities</b>	2	2

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**COLLECTICA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023**

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**5. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 20% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Loss on ordinary activities before tax	(5)	(5)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2022 - 19%)	(1)	(1)
<b>Effects of:</b>		
Group relief	54	68
Tax rate changes	1	1
Transfer pricing adjustments	(52)	(66)
<b>Total tax charge for the year</b>	<b>2</b>	<b>2</b>

**Factors that may affect future tax charges**

At 1 April 2023, the UK corporation tax rate increased to 25%.

**6. Debtors**

	2023 £000	2022 £000
<b>Due after more than one year</b>		
Deferred tax asset	-	9
	-	9
<b>Due within one year</b>		
Trade debtors	6	-
Amounts owed by group undertakings	20,965	25,879
Other debtors	-	5
Deferred taxation	7	-
	<b>20,978</b>	<b>25,893</b>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

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COLLECTICA LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023

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7. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Amounts owed to group undertakings	28,857	33,763
Other creditors	1	1
Accruals and deferred income	1	1
	<u>28,859</u>	<u>33,765</u>

Amounts owed to group undertakings are interest free, unsecured and payable on demand.

8. Deferred taxation

	2023 £000
At beginning of year	9
Charged to profit or loss	(2)
At end of year	<u>7</u>

The deferred tax asset is made up as follows:

	2023 £000	2022 £000
Fixed asset timing differences	7	9
	<u>7</u>	<u>9</u>

The tax debtor is expected to be recovered in more than 12 months.

9. Post balance sheet events

There have been no significant events affecting the company since the year end.

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## COLLECTICA LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

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#### **10. Ultimate controlling party**

Marston (Holdings) Limited is the immediate parent undertaking of Collectica Limited. Marston (Holdings) Limited has included the company in its group financial statements, copies of which are available from its registered office - Rutland House, 8th Floor, 148 Edmund Street, Birmingham, B3 2JR.

The smallest group of undertakings for which consolidated financial statements have been drawn up is that headed by Marston (Holdings) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by the ultimate parent company and controlling party as at 31 May 2023, Free Flow Topco Limited. Consolidated accounts are available from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.