

## **Hilco Profit Recovery Limited**

### **Directors' report and financial statements**

for the period ended 2 January 2021

Registered number: 09228289



## Hilco Profit Recovery Limited

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### Company Information

<b>Directors</b>	Philip Fernandes Paul McGowan
<b>Company secretary</b>	Inca Lockhart-ross
<b>Registered number</b>	09228289
<b>Registered office</b>	84 Grosvenor Street London W1K 3JZ
<b>Independent auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Solicitors</b>	Wright Hassall LLP Olympus Avenue Leamington Spa Warwickshire CV34 6BF

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### Directors' report

for the period ended 2 January 2021

The directors present their report and the financial statements for Hilco Profit Recovery Limited ('the company') for the 53 week period ended 2 January 2021.

#### Principal activity

The principal activity during the period is that of accounts payable recovery services.

#### Directors

The directors who served during the period were:

Philip Fernandes  
Paul McGowan

#### Directors' responsibilities statement

The directors are responsible for preparing the Directors' report 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the company's financial statements 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 to 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.

#### Impact of COVID-19

The directors have considered the impact of the COVID-19 pandemic on the company, with a particular focus on its effect on the company's clients, suppliers and employees.

The directors do not consider this to be cause for material uncertainty in respect of the company's ability to continue as a going concern. The company has adapted well, successfully employing business continuity plans, and the directors consider that the company has sufficient financial resources to continue for the foreseeable future, despite the current crisis.

**Directors' report (continued)**

for the period ended 2 January 2021

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Small company regime**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 1 April 2021 and signed on its behalf by:

*Philip Fernandes*

**Philip Fernandes**  
Director

## **Independent auditor's report to the members of Hilco Profit Recovery Limited** for the period ended 2 January 2021

### **Opinion**

We have audited the financial statements of Hilco Profit Recovery Limited ('the company') for the period ended 2 January 2021, which comprise the Statement of comprehensive income, the Statement of financial position and the related notes, 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 2 January 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent auditor's report to the members of Hilco Profit Recovery Limited (continued)**

for the period ended 2 January 2021

### **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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

### **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 Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement, 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

## Independent auditor's report to the members of Hilco Profit Recovery Limited (continued)

for the period ended 2 January 2021

### Auditor's responsibilities for the audit of the financial statements (continued)

#### *How the audit was considered capable of detecting irregularities including fraud*

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 Senior Statutory Auditor 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 made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the company through discussions with directors and other management at the planning stage;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; we considered the impact of COVID-19 on the company and its internal controls; and
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company including the Companies Act 2006, and taxation legislation.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting legal correspondence throughout the period for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

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

- determined the susceptibility of the company to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process, taking into account the impact of COVID-19 on controls during the period;
- reviewed journal entries throughout the period to identify unusual transactions;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior period;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the company's management; and
- carried out substantive testing to check the occurrence and cut off of income and expenditure.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the company's legal advisors.



## **Independent auditor's report to the members of Hilco Profit Recovery Limited (continued)**

for the period ended 2 January 2021

### **Auditor's responsibilities for the audit of the financial statements (continued)**

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

### **Use of our report**

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



Peter Chapman (Senior statutory auditor)

for and on behalf of

**Buzzacott LLP**

Statutory Auditor

130 Wood Street

London

EC2V 6DL

1 April 2021

## Statement of comprehensive income

for the period ended 2 January 2021

	53 week period ended 2 January 2021 £	52 week period ended 28 December 2019 £
Turnover	721,503	775,889
Cost of sales	(64,892)	(47,911)
<b>Gross profit</b>	<b>656,611</b>	<b>727,978</b>
Administrative expenses	(504,903)	(669,591)
Other operating charges	(53,935)	(48,348)
<b>Operating profit</b>	<b>97,773</b>	<b>10,039</b>
<b>Profit for the financial period</b>	<b>97,773</b>	<b>10,039</b>

There was no other comprehensive income for the period ended 2 January 2021 or the period ended 28 December 2019.

The notes on pages 9 to 13 form part of these financial statements.

## Statement of financial position

as at 2 January 2021

	Note	2 January 2021 £	28 December 2019 £
<b>Fixed assets</b>			
Investments	5	1	1
		<u>1</u>	<u>1</u>
<b>Current assets</b>			
Debtors	6	186,330	368,281
Cash at bank and in hand	7	53,080	167
		<u>239,410</u>	<u>368,448</u>
Creditors: amounts falling due within one year	8	(435,539)	(662,350)
<b>Net current liabilities</b>		<u>(196,129)</u>	<u>(293,902)</u>
<b>Total assets less current liabilities</b>		<u>(196,128)</u>	<u>(293,901)</u>
<b>Net liabilities</b>		<u>(196,128)</u>	<u>(293,901)</u>
<b>Capital and reserves</b>			
Called up share capital		101	101
Other reserves		341,433	341,433
Profit and loss account		(537,662)	(635,435)
		<u>(196,128)</u>	<u>(293,901)</u>

The 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 FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 April 2021 by:

*Philip Fernandes*

**Philip Fernandes**  
Director

The notes on pages 9 to 13 form part of these financial statements.

## **Notes to the financial statements**

for the period ended 2 January 2021

### **1. General information**

The company is a private company limited by shares and incorporated in England and Wales. Its registered office is 84 Grosvenor Street, London, W1K 3JZ.

### **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 Section 1A of Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the Companies Act 2006.

The following principal accounting policies have been applied:

#### **2.2 Going concern**

The directors have prepared the financial statements on a going concern basis as they have received confirmation from the company's principal creditor that it is their current intention to offer financial support to the company, as required for a period of no less than 12 months from the date of approval of these financial statements.

##### *Impact of COVID-19*

The directors have considered the impact of the COVID-19 pandemic on the company, with a particular focus on its effect on the company's clients, suppliers and employees.

The directors do not consider this to be cause for material uncertainty in respect of the company's ability to continue as a going concern. The company has adapted well, successfully employing business continuity plans, and the directors consider that the company has sufficient financial resources to continue for the foreseeable future, despite the current crisis. Therefore the financial statements have been prepared on the going concern basis.

#### **2.3 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

##### **Rendering of services**

Turnover 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 turnover 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.

## Notes to the financial statements

for the period ended 2 January 2021

### 2. Accounting policies (continued)

#### 2.4 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.

#### 2.5 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.

#### 2.6 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, 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.

#### 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.

## Notes to the financial statements

for the period ended 2 January 2021

### 2. Accounting policies (continued)

#### 2.8 Pensions

##### Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

### 3. Average number of employees

The average monthly number of employees, including directors, during the period was 5 (2019 - 5).

### 4. Intangible assets

	Goodwill £
<b>Cost</b>	
At 29 December 2019	944,396
At 2 January 2021	944,396
<b>Amortisation</b>	
At 29 December 2019	944,396
At 2 January 2021	944,396
<b>Net book value</b>	
At 2 January 2021	-
At 28 December 2019	-

## Notes to the financial statements

for the period ended 2 January 2021

### 5. Fixed asset investments

	Investment in subsidiary company £
<b>Cost or valuation</b>	
At 29 December 2019	1
	<hr/>
At 2 January 2021	1
<b>Net book value</b>	
At 2 January 2021	1
	<hr/>
At 28 December 2019	1
	<hr/>
<b>Subsidiary undertaking</b>	

At 2 January 2021, the following was a subsidiary undertaking of the company:

Name	Country of Incorporation	Class of shares	Holding
Rating Solutions Limited	United Kingdom	Ordinary	100%

### 6. Debtors

	2 January 2021 £	28 December 2019 £
Trade debtors	42,671	129,771
Prepayments and accrued income	143,659	238,510
	<hr/>	<hr/>
	186,330	368,281
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## Notes to the financial statements

for the period ended 2 January 2021

### 7. Cash and cash equivalents

	2 January 2021 £	28 December 2019 £
Cash at bank and in hand	53,080	167
	<u>53,080</u>	<u>167</u>

### 8. Creditors: amounts falling due within one year

	2 January 2021 £	28 December 2019 £
Trade creditors	3,433	2,948
Amounts owed to group undertakings	388,857	610,185
Other taxation and social security	37,697	43,836
Other creditors	5,552	4,795
Accruals and deferred income	-	586
	<u>435,539</u>	<u>662,350</u>

### 9. Contingent liabilities

The company had no contingent liabilities at 2 January 2021 or 28 December 2019.

### 10. Capital commitments

The company had no capital commitments at 2 January 2021 or 28 December 2019.

### 11. Controlling party

The smallest group of undertakings for which consolidated group accounts, which include the company, have been drawn up is headed by Hilco London Limited. Hilco London Limited has the same registered office as the company.