

REGISTERED NUMBER: 01221157 (England and Wales)

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2017
FOR
CLANCHATTON BIRMINGHAM LIMITED
T/A
SIGMA RED

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FOR THE YEAR ENDED 30 APRIL 2017

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**CLANCHATTON BIRMINGHAM LIMITED
T/A SIGMA RED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 APRIL 2017**

DIRECTORS:	G E Gilburd M J Harfield
SECRETARY:	Industrial & Commercial Consultancy Ltd
REGISTERED OFFICE:	Grosvenor House Prospect Hill Redditch Worcestershire B97 4DL
REGISTERED NUMBER:	01221157 (England and Wales)
INDEPENDENT AUDITORS:	Barrow LLP Jackson House Station Road Chingford London E4 7BU
BANKER:	HSBC Bank PLC 47 High Street Bromsgrove Worcestershire B61 8AW

CLANCHATTON BIRMINGHAM LIMITED (REGISTERED NUMBER: 01221157)
T/A SIGMA RED

BALANCE SHEET
30 APRIL 2017

	Notes	30.4.17 £	£	30.4.16 £	£
FIXED ASSETS					
Tangible assets	5		205,614		303,100
CURRENT ASSETS					
Debtors	6	2,585,891		2,069,063	
Cash at bank and in hand		<u>183,260</u>		<u>67,362</u>	
		2,769,151		2,136,425	
CREDITORS					
Amounts falling due within one year	7	<u>1,442,262</u>		<u>21,029,318</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>1,326,889</u>		<u>(18,892,893)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,532,503</u>		<u>(18,589,793)</u>
CAPITAL AND RESERVES					
Called up share capital	9		2,775,100		100
Retained earnings	10		<u>(1,242,597)</u>		<u>(18,589,893)</u>
SHAREHOLDERS' FUNDS			<u>1,532,503</u>		<u>(18,589,793)</u>

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Profit and Loss account has not been delivered.

The financial statements were approved by the Board of Directors on 24 November 2017 and were signed on its behalf by:

G E Gilburd - Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2017

1. **STATUTORY INFORMATION**

Clanchatton Birmingham Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents the value, net of value added tax and discounts, of work carried out in respect of credit management services provided to clients.

Sales invoices for the white label services provided by the contact centres are raised monthly and cover the activity performed in that month. Income is recognised when the invoice is raised. Income is accrued where a customer's billing period is not in line with month end.

Sales invoices for contingent fee based services are raised monthly and reflect the predetermined billing criteria agreed with the client. Income is recognised when the invoice is raised.

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.

Short leasehold	- over the term of the lease
Fixtures and fittings	- Straight line over 3 years
Computer equipment	- Straight line over 3 years

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instruments.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes, in effect, a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2017

3. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates defined contribution schemes. Contributions payable to the company's pension schemes are charged to the profit and loss account in the period to which they relate. The schemes funds are independently administered.

Going concern

The company incurred operating losses of £620,034 for the year to 30 April 2017. In considering the appropriateness of the going concern basis for the preparation of these financial statements, the directors have considered the working capital requirements of the company for the short, medium and longer term. They have reviewed the cash flow forecasts and considered the future funding requirements which show that the company may require further financing to support near term trading performance. Based on both the continued support from the company's immediate parent undertaking and the capacity to raise external funding, in the form of discount finance, the directors have formed a judgement that the business has access to adequate resources to continue in operation for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Operating leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of the benefits of ownership remain with the lessor, are charged against income on a straight line basis.

Factored debts

Factored debts are included on the balance sheet within debtors. The proceeds received from the factor are included as secured liabilities. Factoring charges are recognised as they accrue and included within interest payable and similar charges.

Debtors

Short term debtors are measured at transaction price, less any impairment. Amounts 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.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities 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 - continued
FOR THE YEAR ENDED 30 APRIL 2017

3. ACCOUNTING POLICIES - continued

Provisions

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.

A provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months is recognised. The provision is measured at the salary cost payable for the period of absence.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 362 (2016 - 359) .

5. TANGIBLE FIXED ASSETS

	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 May 2016	121,054	158,801	617,071	896,926
Additions	<u>6,295</u>	<u>1,298</u>	<u>62,569</u>	<u>70,162</u>
At 30 April 2017	<u>127,349</u>	<u>160,099</u>	<u>679,640</u>	<u>967,088</u>
DEPRECIATION				
At 1 May 2016	68,464	86,243	439,119	593,826
Charge for year	<u>30,645</u>	<u>40,178</u>	<u>96,825</u>	<u>167,648</u>
At 30 April 2017	<u>99,109</u>	<u>126,421</u>	<u>535,944</u>	<u>761,474</u>
NET BOOK VALUE				
At 30 April 2017	<u>28,240</u>	<u>33,678</u>	<u>143,696</u>	<u>205,614</u>
At 30 April 2016	<u>52,590</u>	<u>72,558</u>	<u>177,952</u>	<u>303,100</u>

The directors have undertaken an impairment review, which takes into account future cash flows. This exercise has confirmed the "value in use" supports the continued recognition of these assets, with sufficient headroom to accommodate any reasonably foreseeable events or changes in circumstances.

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.4.17 £	30.4.16 £
Trade debtors	1,657,319	1,853,319
Amounts owed by group undertakings	60,629	-
Other debtors	29,330	30,363
Directors' current accounts	52,968	-
Prepayments and accrued income	<u>785,645</u>	<u>185,381</u>
	<u>2,585,891</u>	<u>2,069,063</u>

Amounts owed by group undertakings are all unsecured repayable on demand, and non-interest bearing.

CLANCHATTON BIRMINGHAM LIMITED (REGISTERED NUMBER: 01221157)
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2017

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.4.17	30.4.16
	£	£
Trade creditors	408,596	176,928
Amounts owed to group undertakings	315,967	19,470,688
Other taxation and social security	345,786	330,985
Other creditors	33,280	696,827
Directors' loan accounts	110,315	-
Accruals and deferred income	228,318	353,890
	<u>1,442,262</u>	<u>21,029,318</u>

Amounts owed to group undertakings are all unsecured repayable on demand, and non-interest bearing.

8. SECURED DEBTS

The following secured debts are included within creditors:

	30.4.17	30.4.16
	£	£
Factoring company	<u>-</u>	<u>413,394</u>

Hitachi Capital held a debenture dated 12 August 2013 in respect of all monies due, this has now been satisfied and no longer exists since 31 January 2017. As at 30 April 2017 the balance due to Hitachi Capital was £nil (2016: £413,394).

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			30.4.17	30.4.16
Number:	Class:	Nominal value:	£	£
2,775,100	Ordinary shares	£1	<u>2,775,100</u>	<u>100</u>

2,775,000 Ordinary shares shares of £1 each were allotted and fully paid for cash at par during the year.

On 30 April 2017, 2,775,000 ordinary shares £1 each was issued for £2,775,000. These shares have attached to them full voting, dividend and capital distributions including on winding up.

10. RESERVES

	Retained earnings £
At 1 May 2016	(18,589,893)
Profit for the year	<u>17,347,296</u>
At 30 April 2017	<u>(1,242,597)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2017

11. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Trevor Curtis (Senior Statutory Auditor)
for and on behalf of Barrow LLP

12. OPERATING LEASE COMMITMENTS

At the period end the company had commitments under non-cancellable operating leases in respect of land and buildings were £1,950,389 (2016: £1,241,240).

13. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the year ended 30 April 2017 and the period ended 30 April 2016:

	30.4.17 £	30.4.16 £
G E Gilburd		
Balance outstanding at start of year	-	-
Amounts advanced	52,968	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>52,968</u>	<u>-</u>

During the period a director, Mr G Gilburd received a loan of £52,250 on an effective interest rate of 3% to enable him to carry out his duties.

14. RELATED PARTY DISCLOSURES

Recodebt Limited

An associated company

Recodebt Limited is owned 100% (2016: 100%) by The Sigma Financial Group Limited. Directly and indirectly, The Sigma Financial Group owns 100% (2016: 100%) of the share capital of the company.

During the year, the company was charged £59,146 (2016: £90,490) by Recodebt Limited for recharge of costs.

At 30 April 2017 the company had an amount owing to Recodebt Limited of £111,879 (2016: £144,809) relating to recharged costs.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 APRIL 2017

14. **RELATED PARTY DISCLOSURES - continued**

The Sigma Financial Group Limited

Parent company

The Sigma Financial Group Limited owns 100% (2016: 100%) of the share capital of the company.

At 30 April 2017 the company had an amount owed by The Sigma Financial Group Limited of £11,597 (2016: £11,135) relating to recharge of costs.

During the year as part of the restructuring by Sanclare (UK) Limited "the immediate parent company" had written off an amount of £17,956,451 owed by the company.

Blue Pie (UK) Ltd

An associated company

During the year company had received an amount of £1,425,000 (2016: £1,350,000) to meet the day to day needs of the business from Blue Pie (UK) Ltd.

At the year end, the company had repaid in full the loan funding of £2,775,000 to Blue Pie (UK) Limited. This was funded via The Sigma Financial Group Limited acquiring 2,775,000 ordinary "A" shares in the company.

15. **ULTIMATE CONTROLLING PARTY**

The controlling party is Sanclare (UK) Limited.

The ultimate controlling party is Digicall Holdings (Pty) Ltd, a company incorporated in South Africa.

The immediate parent undertaking is Commercial Credit Services Limited.

The Sanclare (UK) Ltd is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 30 April 2017. The consolidation financial statements of Sanclare (UK) Ltd are available from:

Grosvenor House
Prospect Hill
Redditch
B97 4DL

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.