REGISTERED NUMBER: 01221157 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

FOR

CLANCHATTON BIRMINGHAM LIMITED
T/A
SIGMA RED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

COMPANY INFORMATION
FOR THE YEAR ENDED 30 APRIL 2020

DIRECTORS:	M J Harfield G E Gilburd
SECRETARY:	Industrial & Commercial Consultancy Ltd
REGISTERED OFFICE:	Grosvenor House Prospect Hill Redditch Worcestershire B97 4DL
REGISTERED NUMBER:	01221157 (England and Wales)
SENIOR STATUTORY AUDITOR:	T P Curtis
INDEPENDENT AUDITORS:	Barrow LLP Jackson House Station Road Chingford London E4 7BU
BANKER:	HSBC Bank PLC 60 Queen Victoria Street London EC4N 4TR

STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2020

The directors present their strategic report for the year ended 30 April 2020.

BUSINESS REVIEW AND FUTURE OUTLOOK
Clanchatton Birmingham Limited trading as Sigma Red is a wholly owned subsidiary of The Sigma Financial Group Limited. The company has had a very successful year, continuing to deliver excellent service to its clients alongside a number of strategic business wins. The strong performance has further expanded all areas of the business with growth seen in its credit management and customer care service lines. The growth of Sigma's offshore solution, based in South Africa, has gained increased momentum with new clients and contracts being won in this space. Overall, this progress has driven revenue to £22.9m, an increase in excess of 30% on prior year, allowing Sigma to deliver a continued record of improved economic performance and profitability.

During the year, the business had significant contract wins from a number of existing and new clients, including a 3 year agreement with one of the 'Big Six' energy companies to deliver their Customer Service operations with c250 FTE. At the same time, a number of new energy clients have been on boarded from which we expect to see future organic growth.

Despite additional pressure on operating margins from increases in the living wage, the business has maintained a strict focus on cost control. This focus, alongside the year on year sales growth, has allowed the business to leverage further scale on the operating model and grow operating profit to £1.9m in 2020, a significant increase on the prior year operating profit of £0.009m. This improved performance has increased cash balances to £2.8m. The business does not carry any external debt funding.

The business began to experience the impact of COVID-19 from March 2020, with a disruption to both the UK and South African operations. In the UK, the company was able to quickly mobilise its staff to work from home and reduce the impact of government restrictions and staff absence. Since mid April, the UK business operation has managed to operate near capacity, above 90%. In South Africa, the contact centre workforce has remained operational from the offices and has experienced some challenge to maintaining capacity. Whilst the operation has shown strong resilience, capacity has fallen to 75% in periods. Despite these challenges, the company is in a strong position with no external debt. The directors have undertaken a sequence of COVID-19 scenario modelling, including reviewing working capital requirements, and have concluded that the business has sufficient liquidity to manage the impact of any reduction in trading as a result of COVID-19.

Beyond the year-end, the business has continued to concentrate on its core objectives. Focussed on building diversification and business resilience beyond the core USP's of Energy & Debt, with a significant focus on Financial Services and Water. It is anticipated that growth in the first half of the year will be restricted by COVID-19 but the directors expect to drive further growth in the second half of the year and build on the strong commercial progress delivered in 2020.

The results for the period show a turnover of £22,904,942 (2019: £17,512,160) and a profit before tax of £1,941,273 (2019: £94,876).

PRINCIPAL RISKS AND UNCERTAINTIES
There are a number of risks and uncertainties that could have a material impact on the company's future performance.

Financial risks and their management
As part of its ordinary activities the company is exposed to a number of financial risks including liquidity risk and credit risk. The company proactively monitors these risks to ensure that they are managed appropriately.

Liquidity risk
Liquidity risk relates to the company's ability to meet the cash flow requirements of its operations. Liquidity is managed through regular review of working capital requirements and close dialogue with funding partners.

Credit risk
Credit risk principally relates to trade receivables from clients. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer. The amounts presented in the financial statements are net of allowances for doubtful debts estimated by management.

Commercial relationships
The company's business activity is centred on a core base of close commercial relationships. Any risk to the loss of these contracts is managed through regular reviews and contact with their relationship manager to ensure that the company responds to their needs and delivers the service levels that they expect.

Regulatory compliance
Failing to comply with regulatory requirements could result in the company having to suspend or permanently cease activities. The company has an in house compliance function, led by a regulatory specialist Head of Compliance, to ensure that the business operates in a compliant manner and keeps up to date with the regulatory changes occurring within the industry.

Personnel
Personnel risk focuses on the ability of the company to attract and retain skilled individuals to deliver its growth plans. The company employment policies, remuneration and benefits packages are regularly reviewed to ensure that they remain competitive with other companies. The company also monitors employees to identify high performing individuals and ensure that they are developed and progressed within the company.

IT systems
The ability to increase the scale of the technology infrastructure at pace whilst retaining a secure and compliant environment is paramount to delivering the company's growth strategy. The business manages this risk through continuous improvement methodology and continues to invest in developing the core systems to ensure that they remain current and compliant.

EMPLOYMENT
Clanchatton Birmingham Limited operates an equal opportunities employment policy and is opposed to all forms of discrimination. The company selection processes are non-discriminatory and always seek to give full and fair consideration to those with disabilities for all vacancies, taking into account their aptitudes and skills. In the event of employees becoming disabled, every effort is made to ensure their employment with the company continues and appropriate training arranged. So far as possible the company ensures that the training, career development and promotion of any disabled person is identical to that of a colleague who does not suffer from such a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests. All employees are aware of the financial and economic performance of their business units and of the company as a whole, and are rewarded according to the results of both through an annual bonus scheme. Communication with all employees continues through the in-house newsletters, briefing groups and the distribution of the adhoc reports.

KEY PERFORMANCE INDICATORS
During the year, the business continued to invest in its UK property footprint to support growth, with additional floor space leased within the Birmingham location.

Total outsourced seats delivered by the business increased by 45% to 714. Within this, a 100% increase in the number of seats serviced via Sigma's offshore solution was achieved, ending the year with 432 seats based from South Africa.

Five new client relationships were secured during the year and a total of seven additional new campaigns became operational across the total client base.

ON BEHALF OF THE BOARD:

G E Gilburd - Director

11 August 2020

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 APRIL 2020

The directors present their report with the financial statements of the company for the year ended 30 April 2020.

PRINCIPAL ACTIVITIES
The principal activity of the company during the year was the provision of Business Process Outsourcing "BPO" services.

DIVIDENDS
No dividends will be distributed for the year ended 30 April 2020.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 May 2019 to the date of this report.

M J Harfield
G E Gilburd

DONATIONS
During the year, the company's employees made charitable donations of £10,873 (2019: £12,374) and made £Nil (2019: £Nil) donations to political parties.

DIRECTORS' INDEMNITY
As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also maintained Directors' and Officers' liability insurance during the year in respect of itself and its directors.

DIRECTORS' RESPONSIBILITIES STATEMENT
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 International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

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

ON BEHALF OF THE BOARD:

G E Gilburd - Director

11 August 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CLANCHATTON BIRMINGHAM LIMITED

Opinion

We have audited the financial statements of Clanchatton Birmingham Limited (the 'company') for the year ended 30 April 2020 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and, 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.

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.

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

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

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

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

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

T P Curtis (Senior Statutory Auditor)
for and on behalf of Barrow LLP
Jackson House
Station Road
Chingford
London
E4 7BU

11 August 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2020

	Notes	30.4.20 £	30.4.19 £
CONTINUING OPERATIONS			
Revenue		22,904,942	17,512,160
Cost of sales		(15,495,080)	(11,769,576)
GROSS PROFIT		7,409,862	5,742,584
Administrative expenses		(5,415,597)	(5,647,782)
OPERATING PROFIT		1,994,265	94,802
Finance costs	4	(53,305)	74
Finance income	4	313	-
PROFIT BEFORE INCOME TAX	5	1,941,273	94,876
Income tax	6	-	-
PROFIT FOR THE YEAR		1,941,273	94,876
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,941,273	94,876

The notes form part of these financial statements

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

STATEMENT OF FINANCIAL POSITION
30 APRIL 2020

	Notes	30.4.20 £	30.4.19 £
ASSETS			
NON-CURRENT ASSETS			
Owned			
Property, plant and equipment	7	558,786	422,585
Right-of-use			
Property, plant and equipment	7, 14	1,078,002	-
		1,636,788	422,585
CURRENT ASSETS			
Trade and other receivables	8	6,420,181	5,915,531
Cash and cash equivalents	9	2,791,127	702,904
		9,211,308	6,618,435
TOTAL ASSETS		10,848,096	7,041,020
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	10	2,775,100	2,775,100
Retained earnings	11	386,599	(1,554,674)
TOTAL EQUITY		3,161,699	1,220,426
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	13	612,465	-
CURRENT LIABILITIES			
Trade and other payables	12	3,733,395	2,945,594
Financial liabilities - borrowings			
Interest bearing loans and borrowings	13	3,340,537	2,875,000
		7,073,932	5,820,594
TOTAL LIABILITIES		7,686,397	5,820,594
TOTAL EQUITY AND LIABILITIES		10,848,096	7,041,020

The financial statements were approved by the Board of Directors and authorised for issue on 11 August 2020 and were signed on its behalf by:

G E Gilburd - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 May 2018	2,775,100	(1,649,550)	1,125,550
Changes in equity			
Total comprehensive income	-	94,876	94,876
Balance at 30 April 2019	2,775,100	(1,554,674)	1,220,426
Changes in equity			
Total comprehensive income	-	1,941,273	1,941,273
Balance at 30 April 2020	2,775,100	386,599	3,161,699

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2020

	Notes	30.4.20 £	30.4.19 £
Cash flows from operating activities			
Cash generated from operations	1	2,961,785	(1,800,586)
Interest paid		(453)	-
Lease interest paid		(52,852)	74
Net cash from operating activities		2,908,480	(1,800,512)
Cash flows from investing activities			
Purchase of tangible fixed assets		(386,017)	(460,644)
Interest received		313	-
Net cash from investing activities		(385,704)	(460,644)
Cash flows from financing activities			
Group loans raised		-	2,675,000
Payment of lease liabilities		(434,553)	-
Net cash from financing activities		(434,553)	2,675,000
Increase in cash and cash equivalents		2,088,223	413,844
Cash and cash equivalents at beginning of year	2	702,904	289,060
Cash and cash equivalents at end of year	2	2,791,127	702,904

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2020

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	30.4.20	30.4.19
	£	£
Profit before income tax	1,941,273	94,876
Depreciation charges	672,674	174,752
Loss on disposal of fixed assets	11,695	-
Finance costs	53,305	(74)
Finance income	(313)	-
	2,678,634	269,554
Increase in trade and other receivables	(504,650)	(2,948,298)
Increase in trade and other payables	787,801	878,158
Cash generated from operations	2,961,785	(1,800,586)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 30 April 2020

	30.4.20	1.5.19
	£	£
Cash and cash equivalents	2,791,127	702,904

Year ended 30 April 2019

	30.4.19	1.5.18
	£	£
Cash and cash equivalents	702,904	289,060

The notes form part of these financial statements

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. ACCOUNTING POLICIES

Basis of preparation
These annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

These annual financial statements have been prepared under the historical cost convention. This is the first set of the company's annual financial statements prepared under IFRS and in which IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases have been applied.

Some of the items within these financial statements have been reclassified to comply with IFRS and to improve the comparability, reliability and relevance of the financial statements.

The principal accounting policies applied and changes to significant accounting policies are set out and described below where applicable.

Critical accounting judgements and key sources of estimation uncertainty
The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. 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 estimates are revised and in any future periods affected financial statements.

Critical judgements in applying accounting policies
Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Financial assets
The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Trade receivables
Trade receivables are impaired using the simplified approach in terms of IFRS 9. Expected credit losses are determined by applying bad debts written off in the past year to the total credit sales in order to determine the historical loss ratio. This is applied to the receivables balance.

The simplified impairment model has been applied by the company as trade receivables do not contain a financing component. The default terms of collection is 60 days. In accordance with the model, lifetime expected credit losses (ECL) are required to be recognised. As the maturities are 12 months or less, the 12 month and lifetime ECLs will be the same.

2. **ACCOUNTING POLICIES - continued**

The new impairment model allows entities to calculate ECLs on trade receivables and requires that historical provision rates be updated with current and forward looking estimates. This was performed by calculating historical loss rates (actual credit losses as a percentage of credit sales). These rates were calculated for the current year and two prior years. The historical loss rate was then applied to the trade receivables balance at year end in order to calculate the ECL. No forward looking adjustment was deemed necessary as the company does not consider that any significant change in credit conditions will occur.

The calculated ECL was then compared to the current provision for bad debts to establish whether any additional provision was required.

Property, plant, equipment and intangible assets - impairment

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Provisions

Judgement is required in relation to methods and assumptions used when estimating future cash flows required to settle present obligations for which provisions are required.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impaired.

Revenue recognition

Revenue is recognised using a five step model as follows:

- Identify the contract with a customer
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognise revenue as and when performance obligations are satisfied

The company recognises revenue from the provision of:
- Business process outsourcing services
- Telecommunications services via contact centres

The contract with the customer is agreed upon between the customer and the company before services are rendered. The contract will stipulate the price that can be charged for the services rendered.

2. **ACCOUNTING POLICIES - continued**

Revenue derived from the provision of professional services is recognised once the company has satisfied its performance obligations to the customer.

Most of the company's revenue is derived from fixed price contracts and therefore the amounts of revenue to be earned from each contract is determined by reference to those fixed prices. For fixed term contracts revenue is recognised as services are delivered over the term of the contract, for fixed price contracts revenue is recognised once the defined services have been performed.

For service contracts there is a fixed price for each service rendered. There is therefore no judgement involved in allocating the contract price to the services delivered for each customer. Where a customer orders more than one type of service, the company is able to determine the split of the total contract price between each type of service provided by reference to each service's standalone price.

Comparative disclosure:
Turnover represents the value, net of value added tax and discounts, of work carried out in respect of business process outsourcing 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.

Property, plant and equipment

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

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

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2. **ACCOUNTING POLICIES - continued**

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Financial instruments

Initial recognition and measurement

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities which are adopted by the company as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows. This includes trade receivables, loans to group companies, other financial assets and cash and cash equivalents.

Financial liabilities:

- Amortised cost which include borrowings raised, trade payables, loans from group companies and overdraft facilities.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Financial Assets held at fair value through profit or loss (FVTPL)

Classification

Financial assets that are held within a different business model other than "hold to collect" or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of the business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The company's investment in unit trusts are classified as held at FVTPL and did not make the irrevocable election to account for the investment in unit trusts at fair value through other comprehensive income.

Recognition and measurement

Financial assets are recognised when the group becomes a party to the contractual provisions of the financial instrument.

2. **ACCOUNTING POLICIES - continued**

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial assets and substantially all the risks and rewards are transferred.

Financial assets through profit or loss are initially measured at fair value with transactions costs recognised in profit or loss. The fair value of investments in unit trusts is derived from quoted bid prices in an active market.

Loans receivable at amortised cost

Classification

Loans to / from group companies and other loan receivables are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of loans receivable

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

2. **ACCOUNTING POLICIES - continued**

The credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 60 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

2. **ACCOUNTING POLICIES - continued**

Impairment of trade and other receivables

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to the life time expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected lifetime of the receivables.

Measurement and recognition of expected credit losses

The customer base does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Cash and cash equivalents

Classification, recognition and measurement

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at their carrying amount which is deemed to be fair value and subsequently carried at amortised cost.

Impairment

For financial assets carried at amortised cost, with the exception of trade receivables, the company distinguishes between financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low risk (stage 1); financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (stage 2) and financial assets where objective evidence of impairment exists at the reporting date (stage 3).

For financial assets in Stage 1, 12 month ECL are recognised while for financial assets in Stage 2 and Stage 3, lifetime ECL are recognised.

The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter- party, therefore cash and cash equivalents are considered low risk and the credit risk of the borrowers did not increase significantly during the period.

Financial liabilities at amortised cost

Classification

Financial liabilities at amortised cost comprise borrowings raised (cumulative preference shares), loans from group companies, trade and other payables and overdraft facilities.

The company does not have financial liabilities through profit or loss in accordance with IFRS 9.

Recognition and measurement

Financial liabilities are measured at fair value at initial recognition plus transactions costs directly attributable to the issuance of the financial liability in the case of financial liabilities not subsequently measured at fair value through profit or loss. After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

2. **ACCOUNTING POLICIES - continued**

The difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy on borrowing costs.

Dividends paid and accrued on cumulative preference shares are recognised as finance costs over the term of the preference shares.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases

Leases of assets to the group under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease rentals are charged against trading profit on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern of use benefit.

Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Finance leases

The Company has leases for the call centres, an office, plant and machinery and some IT equipment. With the exception of short term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Company sales) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the company. The right-of-use assets are presented separately in the statement of financial position, except for right-of-use assets that meet the definition of investment property which is presented in the statement of financial position in separate line item - "investment property". At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the company under residual value guarantees;
- the exercise price of a purchase option if the company is reasonably certain to exercise that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Company's incremental borrowing rate.

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

2. **ACCOUNTING POLICIES - continued**

The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs;
- restoration costs.

Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with all short-term leases and certain leases of all low-value assets are recognised on a straight-line basis as an expense in profit or loss. The Company applies the exemption for low-value assets on a lease-by-lease basis i.e. for the leases where the asset is sub-leased, a right-of-use asset is recognised with a corresponding lease liability; for all other leases of low value assets, the lease payments associated with those leases will be recognised as an expense on a straight-line basis over the lease term.

- Short-term leases are leases with a lease term of 12 months or less.
- Low-value assets comprise computers, tablets, mobile phones and small items of office furniture.

Accounting policies applied until 30 April 2019
Leases in which substantially all risks and rewards of ownership are not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Employee benefit costs
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.

Provisions and contingencies
The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed to amount of the provision.

Provisions are not recognised for future operating leases.

Contingent assets and contingent liabilities are not recognised.

2. **ACCOUNTING POLICIES - continued**

Impairment of property, plant and equipment and other tangible assets

The company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The company assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

3. **EMPLOYEES AND DIRECTORS**

	30.4.20	30.4.19
	£	£
Wages and salaries	10,819,538	9,428,686
Social security costs	843,654	725,376
Other pension costs	238,651	136,046
	11,901,843	10,290,108

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

	30.4.20	30.4.19
Fee earner	426	421
Administration	45	32
Direct support	29	14
	500	467

	30.4.20	30.4.19
	£	£
Directors' remuneration	535,514	494,000
Directors' pension contributions to money purchase schemes	16,066	10,512

3. EMPLOYEES AND DIRECTORS - continued

Information regarding the highest paid director is as follows:

	30.4.20	30.4.19
	£	£
Emoluments etc	305,859	285,000
Pension contributions to money purchase schemes	9,176	6,075
Accrued pension at 30 April 2020	1,396	720

4. NET FINANCE COSTS

	30.4.20	30.4.19
	£	£
Finance income:		
Other interest receivable	313	-
Finance costs:		
Loan interest	453	-
Hire purchase	-	(74)
Leasing	52,852	-
	53,305	(74)
Net finance costs	52,992	(74)

5. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting):

	30.4.20	30.4.19
	£	£
Depreciation - owned assets	238,121	174,752
Depreciation - assets on finance leases	434,553	-
Loss on disposal of fixed assets	11,695	-
Auditors' remuneration	19,200	18,400
Foreign exchange differences	(1,948)	(203)

6. INCOME TAX

Analysis of tax expense
No liability to UK corporation tax arose for the year ended 30 April 2020 nor for the year ended 30 April 2019.

6. **INCOME TAX - continued**

Factors affecting the tax expense

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

	30.4.20	30.4.19
	£	£
Profit before income tax	1,941,273	94,876
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	368,842	18,026
Effects of:		
Expenses not deductible for tax purposes	9,215	4,253
Deferred tax asset unable to recognise	(34,276)	(44,651)
Effects of group relief / other reliefs	(2,374)	14,479
Non-qualifying depreciation	-	7,893
Losses	(341,407)	-
Tax expense	-	-

Factors that may affect future tax charges

Tax losses

The company has corporation tax losses of £15,048,061 (2019 - £16,750,359) available to carry forward to offset against future taxable profits.

Deferred tax

No deferred tax asset has been recognised due to the uncertainty as to the timing and quantum of the recovery of these losses within the company. The total amount of unprovided deferred tax is as follows:

			30.04.20	30.04.19
	£	£		
Fixed asset timing differences			(34,276)	(96,564)
Timing difference - trading			(7,191)	(6,838)
Losses			(2,859,132)	(2,847,561)
Total unprovided deferred tax asset			(2,900,599)	(2,950,963)

7. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use Property, plant and equipment £	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 May 2019	-	237,716	231,949	726,386	1,196,051
Additions	1,512,555	-	14,885	371,132	1,898,572
Disposals	-	-	-	(16,294)	(16,294)
At 30 April 2020	1,512,555	237,716	246,834	1,081,224	3,078,329
DEPRECIATION					
At 1 May 2019	-	143,716	183,832	445,918	773,466
Charge for year	434,553	43,114	27,657	167,350	672,674
Eliminated on disposal	-	-	-	(4,599)	(4,599)
At 30 April 2020	434,553	186,830	211,489	608,669	1,441,541
NET BOOK VALUE					
At 30 April 2020	1,078,002	50,886	35,345	472,555	1,636,788
At 30 April 2019	-	94,000	48,117	280,468	422,585

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.

8. TRADE AND OTHER RECEIVABLES

	30.4.20 £	30.4.19 £
Current:		
Trade debtors	4,564,246	4,710,466
Amounts owed by group undertakings	36,481	23,654
Other debtors	65,081	11,343
Directors' loan accounts	143,042	143,042
Prepayments and accrued income	1,611,331	1,027,026
	6,420,181	5,915,531

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

9. CASH AND CASH EQUIVALENTS

	30.4.20 £	30.4.19 £
Bank accounts	2,791,127	702,904

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.4.20 £	30.4.19 £
2,775,100	Ordinary shares	£1	2,775,100	2,775,100

11. RESERVES

	Retained earnings £
At 1 May 2019	(1,554,674)
Profit for the year	1,941,273
At 30 April 2020	386,599

12. TRADE AND OTHER PAYABLES

	30.4.20 £	30.4.19 £
Current:		
Trade creditors	334,566	552,797
Amounts owed to group undertakings	818,800	821,905
Other taxation and social security	1,814,497	825,653
Other creditors	93,688	102,016
Accruals and deferred income	671,844	643,223
	3,733,395	2,945,594

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

13. FINANCIAL LIABILITIES - BORROWINGS

	30.4.20 £	30.4.19 £
Current:		
Amounts owed to group undertakings – Loans	2,875,000	2,875,000
Leases (see note 14)	465,537	-
	3,340,537	2,875,000
Non-current:		
Leases (see note 14)	612,465	-

13. **FINANCIAL LIABILITIES - BORROWINGS - continued**

Terms and debt repayment schedule

	1 year or less £	1-2 years £	Totals £
Amounts owed to group undertakings – Loans	2,875,000	-	2,875,000
Leases	465,537	612,465	1,078,002
	3,340,537	612,465	3,953,002

Loan from parent company

The loan of £2,875,000 (2019: £2,875,000) from the parent company is not of a commercial nature and therefore interest-free, with no fixed repayment terms. The loan is intended to provide the company a source of funding. The parent company can recall these loans when cash is required.

14. **LEASING**

Right-of-use assets

Property, plant and equipment

	30.4.20 £	30.4.19 £
COST OR VALUATION		
Additions	1,512,555	-
DEPRECIATION		
Charge for year	434,553	-
NET BOOK VALUE	1,078,002	-

14. LEASING - continued

Lease liabilities

Minimum lease payments fall due as follows:

	30.4.20	30.4.19
	£	£
Gross obligations repayable:		
Within one year	511,352	-
Between one and five years	643,237	-
	1,154,589	-
Finance charges repayable:		
Within one year	45,815	-
Between one and five years	30,772	-
	76,587	-
Net obligations repayable:		
Within one year	465,537	-
Between one and five years	612,465	-
	1,078,002	-

In applying IFRS 16 for the first time under the modified retrospective approach, the company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 May 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial
application, and;
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying IAS 17 and interpretation for determining whether an arrangement contains a lease.

OPERATING LEASING AGREEMENTS

			30.04.20	30.04.19
£	£			
Within one year			216,693	714,329
Between two and five years			252,911	1,253,512
			469,604	1,967,841

At the period end the company had commitments under non-cancellable operating leases in respect of service charges of land and buildings of £469,604 (2019: £1,967,841).

15. PENSION COMMITMENTS

The company operates defined contribution pension schemes in respect of the staff and directors. The charges for the year to this scheme were £238,650 (2019: £136,046). The number of directors to whom retirement benefits were accruing was 2 (2019: 2). There was £37,849 (2019: £39,545) outstanding contributions at the end of the year.

16. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 30 April 2020 and 30 April 2019:

	30.4.20	30.4.19
	£	£
G E Gilburd		
Balance outstanding at start of year	113,042	113,042
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	113,042	113,042
M J Harfield		
Balance outstanding at start of year	30,000	30,000
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	30,000	30,000

Included within receivables is an amount of £143,042 owing to the company by the directors for which, interest at 3% per annum is charged by the company.

17. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity

Sanclare (UK) Limited
Intermediate holding company

At 30 April 2020 the company owed £2,875,000 (2019: £2,875,000) to Sanclare (UK) Limited in relation to loan funding provided.

Sigma International Proprietary Limited
Fellow Subsidiary

During the year the company purchased services in the sum of £5,424,871 (2019: £2,067,248) from Sigma International Proprietary Limited.

At 30 April 2020 the company had an amount owed to Sigma International Proprietary Limited of £718,102 (2019: £723,667) relating to recharge of costs.

Other related parties

Industrial & Commercial Consultancy Limited
Key Personnel Management

Industrial & Commercial Consultancy Limited is the company secretary of the company. Martyn Harfield, the director of Industrial & Commercial Consultancy Limited, is connected to Michael Harfield, a director of the company. During the period, Industrial & Commercial Consultancy Limited charged £46,000 (2019: £46,000) for the provision of consultancy services. These were paid in full during the period.

Key management personnel compensation
Directors and key staff

The total remuneration of directors and other key staff members in 2020 (including salaries and other benefits) was £1,065,502 (2019: £864,252).

18. ULTIMATE CONTROLLING PARTY

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

The controlling party is Sanclare (UK) Limited.

The immediate parent undertaking is The Sigma Financial Group Limited.

Sanclare (UK) Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 30 April 2020. The consolidation financial statements of Sanclare (UK) Limited are available from:

Grosvenor House
Prospect Hill
Redditch
Worcestershire
B97 4DL

RECONCILIATION OF EQUITY
1 MAY 2018
(DATE OF TRANSITION TO IFRSS)

	FRS 102 £	Effect of transition to IFRSs £	IFRSs £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	136,693	-	136,693
CURRENT ASSETS			
Trade and other receivables	2,059,036	-	2,059,036
Cash and cash equivalents	289,060	-	289,060
Prepayments	908,197	-	908,197
	3,256,293	-	3,256,293
TOTAL ASSETS	3,392,986	-	3,392,986
SHAREHOLDERS' EQUITY			
Called up share capital	2,775,100	-	2,775,100
Retained earnings	(1,649,550)	-	(1,649,550)
TOTAL EQUITY	1,125,550	-	1,125,550
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	1,789,832	-	1,789,832
Tax payable	477,604	-	477,604
	2,267,436	-	2,267,436
TOTAL LIABILITIES	2,267,436	-	2,267,436
TOTAL EQUITY AND LIABILITIES	3,392,986	-	3,392,986

RECONCILIATION OF EQUITY - continued
30 APRIL 2019

	FRS 102	Effect of transition to IFRSs	IFRSs
	£	£	£
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	422,585	-	422,585
CURRENT ASSETS			
Trade and other receivables	5,915,531	-	5,915,531
Cash and cash equivalents	702,904	-	702,904
	6,618,435	-	6,618,435
TOTAL ASSETS	7,041,020	-	7,041,020
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	2,775,100	-	2,775,100
Retained earnings	(1,554,674)	-	(1,554,674)
TOTAL EQUITY	1,220,426	-	1,220,426
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	2,945,594	-	2,945,594
Financial liabilities - borrowings			
Interest bearing loans and borrowings	2,875,000	-	2,875,000
	5,820,594	-	5,820,594
TOTAL LIABILITIES	5,820,594	-	5,820,594
TOTAL EQUITY AND LIABILITIES	7,041,020	-	7,041,020

RECONCILIATION OF PROFIT
FOR THE YEAR ENDED 30 APRIL 2019

	FRS 102	Effect of transition to IFRSs	IFRSs
	£	£	£
Revenue	17,512,160	-	17,512,160
Cost of sales	(11,769,576)	-	(11,769,576)
GROSS PROFIT	5,742,584	-	5,742,584
Administrative expenses	(5,118,924)	(528,858)	(5,647,782)
Exceptional items	(528,858)	528,858	-
Finance costs	74	-	74
PROFIT BEFORE TAX	94,876	-	94,876
PROFIT FOR THE YEAR	94,876	-	94,876