

Bristow & Sutor

**Annual report and financial
statements**

Registered number 01431688

For the year ended 31 March 2021



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Strategic report

The Directors present their strategic report for the year ended 31 March 2021.

The principal activity of the Company in the year under review was that of Enforcement Agents recovering on behalf of Local Authorities: Council Tax, Business Rates, Penalty Charge Notices and Commercial Rent. Other activities included collecting Sundry Debt, the executing of Warrants of Arrest, Tracing of Absconders and Process Serving. In addition, the Company also provided Commercial Rent recovery and Property Repossessions on behalf of commercial landlords.

Review of business

The Board considers its key performance indicator to be that of profit before tax and is pleased to report a pre-tax profit of £16,942, (2020: £4,132,243) in a year when significant disruption was caused by the Covid-19 pandemic.

The majority of the Company's business remains within the local authority market in the collection of council tax, business rates, penalty charge notices, commercial rent and sundry debts. During the year the Company has continued to win new contracts, including its largest ever enforcement contract with a five-year term and an option to extend by a further five years, whilst at the same time seeing a healthy renewal and retention of contracts with existing and key clients which will drive future growth.

The Company prides itself on its reputation for integrity and ethical, professional behaviour; this is paramount to the retention and acquisition of clients. All Enforcement Agents used by Bristow & Sutor are directly employed by Bristow & Sutor (Services) Limited, a group company which provides employment services to Bristow & Sutor only. The Board believes that the direct employment model differentiates the Company from its competitors and allows it to deliver superior collection performance while identifying and treating vulnerable individuals appropriately and protecting the reputation of its clients.

The Company continues to benefit from the Tribunals Court and Enforcement Act 2007 ("TCE"), implemented in 2014, which has created a level playing field for companies operating in the sector and addressed many concerns around enforcement agent behaviour. Following a 12-month review of the regulations introduced under the Act which proposed no changes, The Ministry of Justice is now conducting its second post-implementation review.

The Board remain confident that its strategy of investing in technology and staff resources will enable the Company to remain at the forefront of initiatives to improve the perception of the industry, maintain its position as one of the major providers of enforcement services to the public sector and realise significant growth opportunities.

Principal risks and uncertainties

The principal risk to the business remains that of any negative legislative changes which may be imposed by future governments in respect of the enforcement of local taxation and parking debt.

Notwithstanding the aforementioned review of the TCE regulations, and calls for independent regulation of enforcement agent firms the directors remain confident that the pressing need of local authorities to collect revenues to fund essential services will mean that the current enforcement regime will remain in place for the foreseeable future.

The other uncertainty the business faces is that of the potential of reduced market opportunities through the partnering of individual councils or the creation of national framework agreements. The Board acknowledge that it is important that the Company continues to be alive to any such initiatives to ensure its inclusion in any frameworks.

Strategic report *(continued)*

Brexit

As a company which works exclusively for local authorities in England and Wales and sources all its employees from a group company with a workforce of whom less than 1% were EU Nationals at 31 March 2021, the Directors believe the risks to the company of Britain leaving the European Union to be minimal. Reduced immigration would not materially affect the group company's ability to recruit a sufficient quantity and calibre of staff to provide its services or the cost of so doing.

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Bristow and Sutor Topco Limited is the ultimate parent undertaking of the Bristow & Sutor group of companies (the "Group") The Directors note that the Bristow & Sutor Topco Limited has included in their financial statements which were approved on 30 July 2021 with a material uncertainty regarding going concern

The demand for debt recovery services which use technology to apply the most effective collection strategy while identifying vulnerable debtors at the earliest opportunity is expected to remain strong among the Group's private sector and public sector client base. The directors believe that there will be no fundamental adverse change in the Group's ability to operate or its profitability or growth prospects once the impact of the COVID-19 pandemic subsides. Furthermore, the onboarding of significant new client, underpinned by a long-term contract, in the year will drive future growth.

The Group's enforcement activities have a material effect on the Group's financial performance and it has suffered some disruption to its operations during the financial year.

When the Government announced that the public must stay at home from 23rd March 2020, the Company and other Enforcement Agent firms voluntarily ceased visits. In accordance with The Taking Control of Goods and Certification of Enforcement Agents (Amendment) (Coronavirus) Regulations 2020, subsequently passed on 24th April 2020, the Company did not resume enforcement visits until 24th August 2020 when the regulations were amended to permit visits to be undertaken, provided enforcement agents did not enter properties and took steps to limit the risk of spreading infection. Having demonstrated that visits could be undertaken safely, visits continued to be allowed during the second and third national lockdowns starting on 5th November 2020 and 5th January 2021 and continue to be undertaken at the date of this report. The restriction on enforcement agents entering residential properties was lifted from 1st June 2021.

The resumption of visits, utilisation of government support in the form of the Coronavirus Job Retention Scheme and measures such as deferring discretionary expenditure and a voluntary reduction in directors' pay have enabled the Group to preserve liquidity. Group Cash, excluding monies held on behalf of clients, was £3.7m at 31st Aug 2021 (unaudited) compared to £6.4m at 31st March 2020 and £4.5m at 31st March 2021.

The Group meets its working capital requirements from its cash balances and senior facilities, including a term loan facility of £77.7m provided by Direct Lending Fund II Investments (Luxembourg) S.à r.l., Direct Lending Fund II USD Investments (Luxembourg) S.à r.l., Direct Lending Co-Invest Investments (Luxembourg) S.à r.l. and Direct Lending UK Fund Investments (Luxembourg) S.à r.l., which is guaranteed by Bristow and Sutor Topco Limited and all of its material subsidiaries. Although liquidity remains strong, the Group's banking covenants are based upon 'last 12 months' EBITDA and cash flows relative to net borrowings and debt service costs so covenant tests were failed on 30th September 2020, 31st December 2020 and 1st April 2021. The Group's lender has been supportive of the business and formally agreed not to treat these as a breach of the Group's banking arrangements and to modify the tests at 30th June 2021, 30th September 2021 and 31st December 2021. The Group passed the 30th June 2021 tests and the Group's forecasts indicate that the 30th September and 31st December tests will be passed even on downside scenarios.

A key driver of this is the timing of local authorities resuming enforcement of Council Tax debts which will vary by local authority. Under certain downside scenarios the Group forecasts to breach the 31st March 2022 tests. The directors remain confident that the forecast EBITDA run rate at that point will encourage the Group's lender to remain supportive, especially when leverage is forecast to decrease significantly below covenant targets in the year ending 31st March 2023. However, there can be no certainty that the Group's lender will remain supportive and in the event that the group fails the 31 March 2022 test, the Group's lender would be entitled to require the Group to repay all amounts outstanding under the facilities if the investors choose not to exercise their right to cure the breach by providing a cash injection. For this reason there can be no certainty that the Group will be able to meet its liabilities in the normal course of business or that the guarantee provided by the Company in relation to the Group's financing facilities will not be called upon.

Taking all of the above into consideration, the directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty, as defined in auditing and accounting standards, related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that the company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

By order of the board



Richard Sutor
Director

14/12/2021

Directors' report

The Directors present their report with the financial statements of the company for the year ended 31 March 2021. Bristow & Sutor is a private unlimited company.

Dividends

Dividends of £1,723,565 were paid in the current year (2020: £6,138,560).

Directors

The Directors shown below have held office to the date of this report:

AM Rose
RJ Sutor

Certain Directors' benefit from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

Financial risk management objectives and policies

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the company's operations.

During the year the company has been exposed to credit risk, liquidity risk and cash flow risk.

Employees' involvement

Employees are kept informed of significant company news and issues through its Intranet.

Environmental policy

Impact on the environment is a major consideration and policies and procedures have been and continue to be drawn up to minimise our impact on the environment and the company has achieved certification in accordance with ISO14001.

Post balance sheet events

There have been no material post balance sheet events which would require disclosure or adjustments to these financial statements.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Richard Sutor
Director

Bartleet Road
Washford
Redditch
Worcestershire
B98 0FL

14/21/2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report, Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

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B4 6GH
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRISTOW & SUTOR

Opinion

We have audited the financial statements of Bristow & Sutor ("the company") for the year ended 31 March 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that there is uncertainty over future trading results in light of the Covid-19 pandemic and consequently uncertainty over obtaining appropriate covenant waivers from the group's funding providers. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company’s high-level policies and procedures to prevent and detect fraud; as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors;
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain

aspects of company legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We assessed the legality of the distribution in the period based on assessing level of distributable profits.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

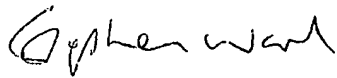
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



**Stephen Ward (Senior Statutory Auditor) for and
on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham B4 6GH

United Kingdom

14/12/2021

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2021

	<i>Note</i>	2021 £	2020 £
Turnover	2	11,595,880	23,833,182
Administrative expenses		(11,600,066)	(19,700,939)
Other operating income	3	21,128	-
		<hr/>	<hr/>
Operating profit		16,942	4,132,243
		<hr/>	<hr/>
Profit on ordinary activities before taxation		16,942	4,132,243
Tax on profit on ordinary activities	6	2,245	(794,946)
		<hr/>	<hr/>
Profit for the financial year being total comprehensive income		19,187	3,337,297
		<hr/> <hr/>	<hr/> <hr/>

All results relate to continuing activities.

The notes on pages 13 to 23 form an integral part of these financial statements.

Balance Sheet
at 31 March 2021

	<i>Note</i>	£	2021 £	£	2020 £
Fixed assets					
Intangible assets	8		4,339,942		2,473,562
Tangible assets	9		1,291,505		1,320,469
			<u>5,631,447</u>		<u>3,794,031</u>
Current assets					
Debtors (Including £3 (2020: £10,265,098) due after more than one year)	10	888,884		11,423,230	
Cash at bank and in hand	11	2,591,984		4,929,205	
		<u>3,480,868</u>		<u>16,352,435</u>	
Creditors: amounts falling due within one year	12	(2,864,535)		(12,194,308)	
Net current assets			<u>616,333</u>		<u>4,158,127</u>
Total assets less current liabilities, being net assets			<u>6,247,780</u>		<u>7,952,158</u>
Capital and reserves					
Called up share capital	14		100,500		100,500
Profit and loss account			6,147,280		7,851,658
Shareholders' funds			<u>6,247,780</u>		<u>7,952,158</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26/11/2021 and were signed on its behalf by:



Richard Sutor
Director

Company registered number: 1431688

Statement of changes in equity
for the year ended 31 March 2021

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2019	100,500	10,652,921	10,753,421
Total comprehensive income for the period			
Profit for the year	-	3,337,297	3,337,297
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity			
Distribution of dividend	-	(6,138,560)	(6,138,560)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	100,500	7,851,658	7,952,158
	<hr/>	<hr/>	<hr/>
Balance at 1 April 2020	100,500	7,851,658	7,952,158
Profit for the period being total comprehensive income	-	19,187	19,187
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity			
Distribution of dividend	-	(1,723,565)	(1,723,565)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	100,500	6,147,280	6,247,780
	<hr/>	<hr/>	<hr/>

The notes on pages 13 to 23 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting Policies

Bristow & Sutor (the “Company”) is a private company incorporated, domiciled, and registered in England in the UK. The registered number is 01431688 and the registered address is Bartleet Road, Washford, Redditch, Worcestershire, B98 0FL.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”). The amendments to FRS 102 issued in March 2020 have been early adopted by the Company. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The company’s ultimate parent undertaking, Bristow & Sutor Topco Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Bristow & Sutor Topco Limited are available by written request from Ordnance House, 31 Pier Road, St Helier, Jersey, JE4 8PW. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes.
- Key management personnel compensation.
- Disclosures in respect of transactions with wholly-owned subsidiaries

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

As the consolidated financial statements of Bristow & Sutor Topco Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Bristol and Sutor Topco Limited is the ultimate parent undertaking of the Bristow & Sutor group of companies (the “Group”) The Directors note that the Bristow & Sutor Topco Limited has included in their financial statements which were approved on 30 July 2021 with a material uncertainty regarding going concern.

The demand for debt recovery services which use technology to apply the most effective collection strategy while identifying vulnerable debtors at the earliest opportunity is expected to remain strong among the Group’s private sector and public sector client base. The directors believe that there will be no fundamental adverse change in the Group’s ability to operate or its profitability or growth prospects once the impact of the COVID-19 pandemic subsides. Furthermore, the onboarding of significant new client, underpinned by a long-term contract, in the year will drive future growth.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern (continued)

The Group's enforcement activities have a material effect on the Group's financial performance and it has suffered some disruption to its operations during the financial year.

When the Government announced that the public must stay at home from 23rd March 2020, the Company and other Enforcement Agent firms voluntarily ceased visits. In accordance with The Taking Control of Goods and Certification of Enforcement Agents (Amendment) (Coronavirus) Regulations 2020, subsequently passed on 24th April 2020, the Company did not resume enforcement visits until 24th August 2020 when the regulations were amended to permit visits to be undertaken, provided enforcement agents did not enter properties and took steps to limit the risk of spreading infection. Having demonstrated that visits could be undertaken safely, visits continued to be allowed during the second and third national lockdowns starting on 5th November 2020 and 5th January 2021 and continue to be undertaken at the date of this report. The restriction on enforcement agents entering residential properties was lifted from 1st June 2021.

The resumption of visits, utilisation of government support in the form of the Coronavirus Job Retention Scheme and measures such as deferring discretionary expenditure and a voluntary reduction in directors' pay have enabled the Group to preserve liquidity. Group Cash, excluding monies held on behalf of clients, was £3.7m at 31st Aug 2021 (unaudited) compared to £6.4m at 31st March 2020 and £4.5m at 31st March 2021.

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Taking all of the above into consideration, the directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty, as defined in auditing and accounting standards, related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that the company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notes (continued)

1 Accounting policies (continued)

1.3 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a reducing balance basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- fixtures, fittings and equipment 25% reducing balance
- motor vehicles 25% reducing balance

Notes (continued)

1 Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.6 Intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. These also include costs directly attributable to the development of software used by the Company in its operations, comprising primarily of employee costs.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software 4 years

1.7 Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes (continued)

1 Accounting policies (continued)

1.8 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.9 Turnover

Turnover represents the total invoice value, excluding value added tax, of services provided during the year.

1.10 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable.

Other interest receivable and similar income include interest receivable.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

1.11 Taxation

Tax on the profit or loss 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 directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Timing differences are not provided for differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

1.11 Government grants

Government grants are credited to the profit and loss account in the periods in which the related costs are incurred. Amounts recognised in the profit and loss are presented in other operating income.

Notes (continued)

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2021 £	2020 £
Depreciation – owned assets	335,404	372,593
Amortisation of intangible assets	70,980	253,845
(Profit) on disposal of tangible fixed assets	(2,961)	(3,722)
R&D tax credits	21,128	-
	<u> </u>	<u> </u>
<i>Auditor's remuneration:</i>		
Audit of these financial statements	70,000	49,587
	<u> </u>	<u> </u>

4 Staff numbers and costs

Staff, including all enforcement agents, are employed by a separate Group company. The Company does not therefore employ any staff of its own.

5 Directors' remuneration

The directors received no remuneration from the company during the current year or preceding year.

6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2021 £	2020 £
<i>UK corporation tax</i>		
Current tax	-	811,417
Adjustments in respect of prior periods	(311)	(9,605)
<i>Deferred tax</i>		
Origination and reversal of timing differences	(1,934)	(21,455)
Adjustment in respect of prior periods	-	14,713
	-	(124)
	<u> </u>	<u> </u>
Total tax	(2,245)	794,946
	<u> </u>	<u> </u>

Notes (continued)

6 Taxation (continued)

Reconciliation of effective tax rate

	2021 £	2020 £
Profit for the year	19,187	3,337,297
Total tax expense	(2,245)	794,946
Profit excluding taxation	16,942	4,132,243
<i>Tax using the UK corporation tax rate of 19%</i>	3,219	785,126
Non-deductible expenses	209	4,725
Capital allowances less than / (in excess) of depreciation	110	111
Deferred taxation movement	-	14,713
Group relief claimed	(1,078)	-
Adjustments in respect of prior periods	(311)	(9,605)
Adjust open and deferred tax to average rate of 19%	(380)	(124)
R&D tax credits	(4,014)	-
Total tax charge	(2,245)	794,946

In the 3 March 2021 budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will increase the company's future current tax charge accordingly.

7 Dividends

	2021 £	2020 £
<i>Interim dividend</i>		
Ordinary A shares of £1 each	1,465,030	5,217,776
Ordinary B shares of £1 each	172,357	613,856
Ordinary C shares of £1 each	86,178	306,928
	1,723,565	6,138,560

Dividends of £1,723,565 were paid during the year (2020: £6,138,560).

Notes (continued)

8 Intangible fixed assets

	Software £
Cost	
At beginning of year	2,516,698
Additions	1,937,360
Disposals	-
At end of year	4,454,058
Amortisation	
At beginning of year	43,136
Charge for the year	70,980
Disposals	-
At end of year	114,116
Net book value	
At 31 March 2021	4,339,942
At 31 March 2020	2,473,562

9 Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Total £
Cost			
At beginning of year	862,440	2,115,438	2,977,878
Additions	123,618	195,412	319,030
Disposals	-	(70,444)	(70,444)
At end of year	986,058	2,240,406	3,226,464
Depreciation			
At beginning of year	512,999	1,144,411	1,657,410
Charge for the year	93,446	241,958	335,404
Disposals	-	(57,856)	(57,856)
At end of year	606,445	1,328,513	1,934,958
Net book value			
At 31 March 2021	379,613	911,892	1,291,505
At 31 March 2020	349,442	971,027	1,320,469

Notes (continued)

10 Debtors

	2021 £	2020 £
Trade debtors	349,803	584,775
Amounts owed by group undertakings	3	10,265,098
Other debtors	90,522	19,401
Deferred tax assets (see note 13)	24,565	22,631
Prepayments	307,241	366,163
Corporation tax	116,750	165,162
	<u>888,884</u>	<u>11,423,230</u>

All amounts owed by group undertakings are interest free and repayable on demand.

11 Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>2,591,984</u>	<u>4,929,205</u>

The cash at bank and in hand as at 31 March 2021 includes £1,350,608 (2020: £1,633,358) of client monies held in segregated bank accounts by the company.

12 Creditors: amounts falling due within one year

	2021 £	2020 £
Client accounts	1,350,608	1,633,358
Trade creditors	445,126	386,023
Amounts owed to group undertakings	-	9,096,456
Taxation and social security	632,157	777,700
Accruals and deferred income	436,644	300,332
Other creditors	-	439
	<u>2,864,535</u>	<u>12,194,308</u>

13 Deferred taxation

	2021 £	2020 £
At beginning of year	(22,631)	(15,765)
Credit during the year	(1,934)	(6,866)
At end of year (see note 10)	<u>(24,565)</u>	<u>(22,631)</u>

A deferred tax asset has arisen as a result of disclaimed capital allowances.

Notes (continued)

14 Capital and reserves

	2021 £	2020 £
Allotted, called up and fully paid		
85,425 ordinary A shares of £1 each	85,425	85,425
10,050 ordinary B shares of £1 each	10,050	10,050
5,025 ordinary C shares of £1 each	5,025	5,025
	<hr/>	<hr/>
	100,500	100,500
	<hr/>	<hr/>

The holders of 'A' ordinary shares have equal voting rights and the right to a share in a distribution.

The holders of 'B' and 'C' shares have full voting rights and are entitled to receive dividends as declared from time to time.

15 Related parties

Arrow Auctions is a partnership in which SJ Sutor, JA Sutor and RJ Sutor (a director) are partners.

During the year, the company was charged rental costs of £197,500 (2020: £197,500) and other expenses of £5,818 (2020: £23,308) from Arrow Auctions.

During the year £16,107 (2020: £24,892) was recharged to Arrow Auctions in respect of costs incurred by Bristow & Sutor.

At the balance sheet start date there was an amount outstanding to Bristow & Sutor of £3,256.

16 Operating Leases

Leases as a lessee

Non-cancellable operating lease rentals are payable as follows:

	2021 £	2020 £
Less than one year	197,500	197,500
Between one and five years	790,000	987,500
More than five years	192,014	237,541
	<hr/>	<hr/>
	1,179,514	1,422,541
	<hr/>	<hr/>

17 Accounting estimates and judgements

Key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ to those estimates.

The Directors consider that there are no significant accounting estimates or judgements required in the preparation of these financial statements.

18 Ultimate parent company and parent company of larger group

The immediate parent undertaking is Bristow & Sutor Group Limited, a company registered in Jersey. The ultimate parent company is Bristow & Sutor Topco Limited, a company registered in Jersey. The ultimate controlling party is Sovereign Capital IV Limited Partnership.

19 Subsequent events

There have been no material post balance sheet events which require disclosure or adjustments to these financial statements.