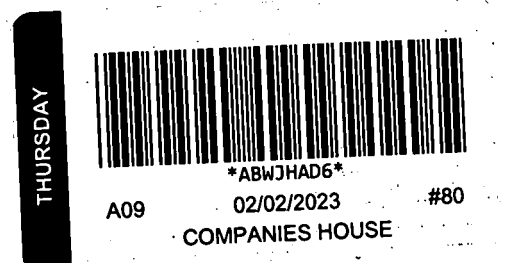


Company Registration No. 03851175 (England and Wales)

SGS Business Process Services (UK) Limited

Annual Report and Financial Statements

For the year ended 31 December 2021



SGS Business Process Services (UK) Limited

Contents

	Page
Company information	2
Strategic report	3
Directors' report	5
Independent auditor's report	7
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13

SGS Business Process Services (UK) Limited

Company Information

Directors	E S Comley N I Stoesser
Company secretary	E S Comley
Company number	03851175
Registered office	58 Mosley Street Manchester M2 3HZ
Statutory auditor	Deloitte LLP The Hanover Building Corporation Street Manchester M2 4AH

SGS Business Process Services (UK) Limited

Strategic Report

For the year ended 31 December 2021

The Directors present their Strategic Report for the year ended 31 December 2021.

Principal activities

SGS Business Process Services (UK) Limited (the "Company") provided a range of services covering all key aspects of any motor insurance claim. These include accident management services, claims cost containment, claim recovery, vehicle repair and replacement vehicle management.

On 17 November 2021 the Directors announced a plan to enter into third party partnerships for the provision of the hire and repair business of the Company. All contracted parties and employees were notified and the scope of services being provided was reduced. The new partnership arrangements were finalised in March 2022, and management intends to cease trade by May 2023.

Financial review and key performance indicators

Revenue was £12.6m for the year ended 31 December 2021 (2020: £25.8m), the decrease due to the reduction in Road Traffic Accident (RTA) claims by 20%. The Company generated a loss after tax of £6.6m for the year ended 31 December 2021 (2020: loss after tax £2.1m). Cash at 31 December 2021 was £1.1m (2020: £2.3m). On 17 November 2021, as noted above, a strategic decision was taken to restructure the Company's principal activities. This has resulted in a significant reduction in the operations of the Company as third-party partnerships will provide the hire and repair business. The Directors use a number of measures to determine the performance of the Company. Of these, the principal key performance indicators are:

Indicator	Year ended 31 December 2021	Year ended 31 December 2020
Revenue (£'000)	12,632	25,823
Gross profit margin (%)	20.4%	20.0%
Adjusted EBITDA ⁽¹⁾ (£'000)	(2,329)	(1,449)
Adjusted EBITDA ⁽¹⁾ margin (%)	(18.4)%	(5.6)%
Loss before tax (£'000)	(6,636)	(2,057)
Average credit period taken on sale of services (days)	105	134

[1] Adjusted EBITDA: The Company calculates adjusted EBITDA as operating profit before interest, tax, depreciation, amortisation, effects of IFRS 16 lease modifications and excludes non-recurring items. The Directors believe that adjusted EBITDA is the most appropriate approach for ascertaining the underlying trading performance and trends as it reflects the measures used internally by senior management for all discussions of performance.

The Covid-19 pandemic

The Company continued to use the Coronavirus Job Retention Scheme in response to the Covid-19 pandemic, which resulted in the Company receiving a government grant to cover salaries of employees whose roles were impacted by the Covid-19 pandemic. The total receipt is shown as other income.

During the prior year, the Company took part in the VAT Deferral Scheme which deferred VAT payments which would have been due between 20 March 2020 and 30 June 2020. This liability was subsequently fully repaid to HMRC under the instalment payment regime during the year ended 31 December 2021.

At the start of 2022, the UK announced the easing of social distancing restrictions from the Covid-19 pandemic. The Directors will continue to monitor the UK economy and markets and the effects this has on the Company's financial performance and cash position.

Preparation of the financial statements on the basis other than going concern

On 17 November 2021, as noted above, a strategic decision was taken to restructure the Company's principal activities. This has resulted in a significant reduction in the operations of the Company as third party partnerships will provide the hire and repair business, rather than these being performed by the Company. All contracted parties and employees were notified of the change in business activities pre year end, with new partnership arrangements finalised in March 2022. Management intends to cease trade by May 2023.

The Company's financial statements have therefore been prepared on a basis other than going concern. All assets and liabilities are classified as current and are reported at their estimated fair values. The exception is right-of-use assets, onerous lease and lease liabilities owing to contractual obligations to pay for these assets after 12 months.

SGS Business Process Services (UK) Limited

Strategic Report (continued)

For the year ended 31 December 2021

Principal risks and uncertainties

The Directors are responsible for the Company's system of internal control and for reviewing its effectiveness whilst the role of management is to implement Company policies on risk management and control.

The Company's activities expose it to a number of financial risks including market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company recognises that effective risk management is fundamental in helping the Company to deliver its strategic objectives. The Company considers strategic, operational and financial risks on a regular basis and identifies actions to mitigate those risks.

Regulatory and reputational risks

The Company operates in an environment regulated by the Financial Conduct Authority. As a data controller and a business that provides services on behalf of its customers to consumers and individuals, the Company is also subject to risks related to matters such as data processing and security, data and service integrity. In the event of a breach, these risks may give rise to reputational, financial or other sanctions against the Company. The Company considers these risks seriously and designs, maintains and reviews its policies and processes so as to mitigate or avoid these risks.

Market risk

The Company's operating revenues, operating expenditure and financing are denominated in GBP. Accordingly, the Company's exposure to foreign exchange risk is not significant.

Credit and liquidity management

The Company's principal financial assets are cash and cash equivalents, accrued income and trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience. This risk is mitigated by robust processes around monitoring of trade receivables and take on procedures involving credit checks.

The Company borrows from within the Group to fund its working capital needs as required. The timing of receipts from the parties from whom the Company seeks to recover its charges is uncertain and can be protracted. The Company actively forecasts, manages and reports its working capital requirements to ensure that it has sufficient funds for its operations. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Company does not enter into derivative transactions and does not trade in financial instruments. The Company has no third party debt and therefore has no exposure to interest rate risk.

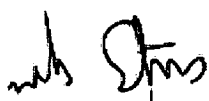
The Company maintains sufficient liquidity levels to ensure that funds are available for ongoing operations and future developments.

Key personnel and resources

The success of the Company depends to a large extent upon its current management team and its ability to recruit and retain high calibre individuals at all relevant levels within the organisation. The Company will continue to seek to mitigate the resource risk by investing in and developing staff training programmes, competitive reward and compensation packages, incentive schemes and succession planning.

Approval

The Strategic Report was approved for issue by the Board of Directors and signed on its behalf by:



N I Stoesser

Director

30 January 2023

58 Mosley Street, Manchester, M2 3HZ

SGS Business Process Services (UK) Limited

Directors' Report

For the year ended 31 December 2021

The Directors present their report on the affairs of SGS Business Process Services (UK) Limited (the "Company"), together with the financial statements and Auditor's Report, for the year ended 31 December 2021.

Principal activities

SGS Business Process Services (UK) Limited's principal activities are disclosed on page 3 in the Strategic Report.

Results, dividends and key performance indicators

The results for the year are set out on page 10. During the year no dividends were proposed or paid (2020: £nil). The relevant key performance indicators are disclosed in the Strategic Report.

Directors

The Company made qualifying third party indemnity provisions for the benefit of its Directors during the year which remain in force at the date of this report.

The following Directors have held office during the year and to the date of this report:

- E S Comley (appointed 31 August 2022)
- N I Stoesser
- D J L Whitmore (resigned 1 July 2022)
- A L Wilford (resigned 31 January 2022)

The following Company Secretaries have held office during the year and to the date of this report:

- E L Humphrey (resigned 30 November 2021)
- E S Comley (appointed 2 December 2021)

Future developments and subsequent events

As detailed in the Strategic Report, on 17 November 2021 the Directors announced a plan to enter into third party partnerships for the provision of the hire and repair business of the Company. All contracted parties and employees were notified and the scope of services being provided was reduced. The new partnership arrangements were finalised in March 2022, and management intends to cease trade by May 2023.

During 2022, the biggest risk in the markets has been the rise in inflation and, as a result, central banks have started to raise interest rates. Since February 2022 the Company has been closely monitoring the geopolitical issues in Ukraine and the effect on global markets. These events have, so far, not impacted on the long term returns for the Company.

Employee involvement

The Company's policy is to consult and discuss with employees matters likely to affect employees' interests. Information about matters of concern to employees is given through management meetings, information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

The Covid-19 pandemic dominated the year ended 31 December 2021 which meant that all employees continued working remotely. The Directors' approach has been to focus on the safety and welfare of all employees and communities, whilst protecting the financial continuity of the Company. The Company has continued to enable all employees to work from home and has maintained compliance with the Government's instructions and guidance, including avoiding travel and face to face meetings. The Company has invested in new technology to ensure home working is as effective as possible and have continued to build on that approach by accelerating smart working programmes to enable safe productive remote working. The Company continues to communicate with all employees through regular online meetings to support the challenges or concerns remote working is having on employees.

Disabled persons

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

SGS Business Process Services (UK) Limited

Directors' Report (continued)

For the year ended 31 December 2021

Anti-bribery and corruption

The Slater and Gordon Group has a group-wide anti-bribery and corruption policy, which is in compliance with the Bribery Act 2010. Procedures are reviewed periodically to ensure continued effective compliance across the Group (including the Company).

Modern slavery

The Company is committed to ensuring the prevention of modern slavery practices across the Company and in its supply chains. The Company has a zero-tolerance approach which reflects our commitment to acting ethically and with integrity in all our business relationships. Anti-slavery awareness has been incorporated within induction and annual training programmes.

Financial risk management objectives and policies

The Board provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Company does not use derivative financial instruments for speculative purposes. See further details of the Company's principal risks and uncertainties within the Strategic Report on page 4.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Deloitte LLP has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Statement of Directors' responsibilities

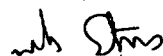
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 judgments 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.

The Report of the Directors was approved for issue by the Board of Directors and signed on its behalf by:



N I Stoesser

Director

30 January 2023

58 Mosley Street, Manchester, M2 3HZ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SGS BUSINESS PROCESS SERVICES (UK) LIMITED

For the year ended 31 December 2021

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SGS Business Process Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SGS BUSINESS PROCESS SERVICES (UK) LIMITED (continued)

For the year ended 31 December 2021

Statement of Directors' responsibilities

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation, pensions legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

Revenue recognition – Expected adjustment arising on settlement of claims

By their very nature, claims against motor insurance companies or self-insuring organisations can be subject to dispute. A dilution rate is applied to gross revenue to recognise the fact that there might be a settlement adjustment with the insurer if the insurer disputes any element of the claim. The discount applied is judgemental.

To address this risk, below procedures have been performed;

- Reviewed management's controls around revenue recognition process; and
- Assessed the reasonability of the provision through sample testing of the underlying historical data.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SGS BUSINESS PROCESS SERVICES (UK) LIMITED (continued)

For the year ended 31 December 2021

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 directors' report and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and the strategic report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

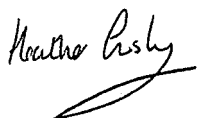
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 respect of these matters.

Use of our report

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



Heather J Crosby Bsc ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester

United Kingdom

31 January 2023

SGS Business Process Services (UK) Limited

Statement of Comprehensive Income

For the year ended 31 December 2021

		Year ended 31 December 2021	Year ended 31 December 2020
	Notes	£'000	£'000
Revenue	2	12,632	25,823
Cost of sales		(10,057)	(20,664)
Gross profit		2,575	5,159
Other income	3	190	411
Administrative expenses		(5,293)	(7,401)
Operating loss before non-recurring items		(2,528)	(1,831)
Non-recurring items	4.1	(3,888)	-
Operating loss	4	(6,416)	(1,831)
Net finance costs	7	(220)	(226)
Loss before tax		(6,636)	(2,057)
Tax on loss on ordinary activities	8	-	-
Total comprehensive loss		(6,636)	(2,057)

The total comprehensive income for the current year and preceding periods arises from the Company's discontinuing operations.

The notes on pages 13 to 25 are an integral part of these financial statements.

SGS Business Process Services (UK) Limited

Statement of Financial Position

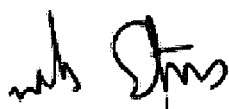
At 31 December 2021

	Notes	31 December 2021 £'000	31 December 2020 £'000
Non-current assets			
Intangible assets	9	-	3
Property, plant and equipment	10	90	1,820
Total non-current assets		90	1,823
Current assets			
Trade and other receivables	11	7,419	15,585
Accrued income		404	691
Cash and cash equivalents		1,116	2,316
Total current assets		8,939	18,592
Total assets		9,029	20,415
Current liabilities			
Trade and other payables	12	(6,139)	(9,762)
Lease liabilities	13	(339)	(98)
Provisions	14	(156)	-
Total current liabilities		(6,634)	(9,860)
Net current assets		2,305	8,732
Total assets less current liabilities		2,395	10,555
Non-current liabilities			
Lease liabilities	13	(285)	(2,004)
Provisions	14	(195)	-
Total non-current liabilities		(480)	(2,004)
Total liabilities		(7,114)	(11,864)
Net assets		1,915	8,551
Equity			
Called-up share capital	15	-	-
Retained earnings		1,915	8,551
Total shareholders' funds		1,915	8,551

The notes on pages 13 to 25 are an integral part of these financial statements.

The financial statements were approved by the board of Directors and authorised for issue on 16 January 2023.

They were signed on its behalf by:



N I Stoesser
Director

Company Registration Number: 03851175

SGS Business Process Services (UK) Limited

Statement of Changes in Equity

For the year ended 31 December 2021

	Called-up share capital £'000	Retained earnings £'000	Total £'000
Balance as at 31 December 2019	-	10,608	10,608
Total comprehensive loss for the year	-	(2,057)	(2,057)
Balance as at 31 December 2020	-	8,551	8,551
Total comprehensive loss for the year	-	(6,636)	(6,636)
Balance as at 31 December 2021	-	1,915	1,915

The notes on pages 13 to 25 are an integral part of these financial statements.

SGS Business Process Services (UK) Limited

Notes to the Financial Statements

For the year ended 31 December 2021

1. Accounting policies

The following is a summary of significant accounting policies adopted by the Company in the preparation and presentation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

a) Basis of preparation

SGS Business Process Services (UK) Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act 2006 and domiciled in the United Kingdom (UK). The address of the Company is shown on page 2. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 3 to 5.

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements in accordance with International Financial Reporting Standards (IFRS's) as adopted by the UK.

The Company's financial statements are presented in Pound Sterling (GBP), its functional currency. All values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

These financial statements are separate financial statements. The group financial statements of Slater and Gordon UK Holdings Limited are available to the public and can be obtained as set out in note 16.

Preparation of the financial statements on the basis other than going concern

On 17 November 2021, as noted above, a strategic decision was taken to restructure the Company's principal activities. This has resulted in a significant reduction in the operations of the Company as third party partnerships will provide the hire and repair business, rather than these being performed by the Company. All contracted parties and employees were notified of the change in business activities pre year end, with new partnership arrangements finalised in March 2022. Management intends to cease trade by May 2023.

The Company's financial statements have therefore been prepared on a basis other than going concern. All assets and liabilities are classified as current and are reported at their estimated fair values. The exception is right-of-use assets, onerous lease and lease liabilities owing to contractual obligations to pay for these assets after 12 months.

b) Compliance with accounting standards

FRS 101 sets out amendments to UK-adopted IFRS's that are necessary to achieve compliance with the Companies Act 2006 and related Regulations. The Company adopted the following amendments to IFRS's from 1 January 2021:

Interest Rate Benchmark Reform	<i>Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16</i>
Amendments to IAS 1	<i>Amendments to presentation of financial statements on classification of liabilities</i>

The adoption of the amendments listed above did not have any impact on the amounts recognised in prior and current periods. No impact is expected in future periods.

The following disclosure exemptions from the requirements of IFRS's have been adopted in the preparation of these financial statements, in accordance with FRS 101:

- Information relating to the Company's objectives, policies and processes for managing capital has not been given.
- IAS 1 "Presentation of financial statements", a statement of cash flows has not been presented.
- The categories of financial instrument and nature and extent of risks arising on these financial instruments have not been detailed.
- The valuation techniques applied to assets and liabilities held at fair value have not been disclosed.

SGS Business Process Services (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

b) Compliance with accounting standards (continued)

- IAS 24 “*Related party disclosures*”, including related party transactions between two or more wholly owned members of the group have not been disclosed.
- IAS 36 “*Impairment of assets*”, where the equivalent disclosures have been given in the Group financial statements of Slater and Gordon UK Holdings Limited, where the Company has been consolidated.
- IAS 8 “*Accounting policies, changes in accounting estimates and errors*”, the future impact of new and revised IFRS’s in issue but not yet effective has not been given.
- Comparative period reconciliations for property, plant and equipment and intangible assets.

Where relevant, equivalent disclosures have been given in the Group financial statements of Slater and Gordon UK Holdings Limited

c) Amendments to IFRS’s in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following amendments to IFRS’s that have been issued but are not yet effective:

IFRS 17	<i>Insurance Contracts (effective from 1 January 2023)</i>
Amendments to IAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets (effective from 1 January 2022)</i>
Amendments to IAS 1	<i>Presentation of financial statements (effective from 1 January 2023)</i>
Annual improvements to IFRS 2018-2020	<i>Effective from 1 January 2022</i>

The Directors do not expect that the amendments to IFRS’s listed above will have a material impact on the financial statements of the Company in future periods.

d) Significant accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies, the carrying amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. The judgements, estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical judgements in applying the Company’s accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Company’s accounting policies that have the most significant effect on the amounts recognised in financial statements.

Principal versus Agent

For car hire and repair services the Company acts as Principal. Although the services are provided by third party suppliers, the Company has the primary responsibility to ensure that the services have been delivered to the client. The Company cannot vary prices set by the supplier, as it is governed by an industry framework and the Company collects the revenue from the customer and bears the collectability risk. Revenue resulting from car hire and repair services is recognised on a gross basis.

SGS Business Process Services (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

d) Significant accounting estimates and judgements (continued)

Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period(s) to which they relate.

Expected adjustment arising on settlement of claims

By their very nature, claims against motor insurance companies or self-insuring organisations can be subject to dispute. A dilution rate is applied to gross revenue to recognise the fact that there might be a settlement adjustment with the insurer if the insurer disputes any element of the claim.

The Company's estimation of the expected adjustments arising on settlement of claims is calculated with reference to a number of factors, including the Company's historical experience of collection levels, its anticipated collection profiles (including expectation after the trade has ceased) and analysis of the current profile of the claims against insurance companies. Although in principle this is determined by reference to individual cases, in practice the homogenous nature of most claims means that the level of adjustment is calculated by reference to specific categories of claim.

Impairment provision

Amounts set aside for settlement adjustments, which insurers seek to negotiate in certain circumstances (e.g. due to administrative delays), are based on the debts held at the year end. The resulting settlement adjustments are recognised within revenue as they relate to revisions of income estimates based on historical experience, not collectability (credit risk).

Movements in the impairment provision relating to credit risk are recognised within administrative expenses as bad debt expenses. During the year ended 31 December 2021, additional provisions were recognised as part of the cessation of trade, details in note 4.1. Debts that are known to be uncollectable are written off when identified.

e) Revenue recognition

Road Traffic Accident (RTA's) cases usually comprise the provision of vehicle hire and repair services.

Car Hire Services

Revenue from the provision of car hire and cost recovery services are recognised over the time that the services are performed, being the period between the commencement of the car hire and settlement of costs through the Third-Party Insurer ("TPI"). The amount of revenue recognised is the amount as agreed in the hire rental agreement between the parties prior to the service being provided.

Repair Services

Revenue from the provision of car repair services is recognised on completion of all repair work and upon the customer taking back possession of the car. The amount of revenue recognised is the amount as agreed in the repair contract between the parties prior to the service being provided.

Late Payment Charges

The Company also has an entitlement to late payment charges where claims are not settled within the timeframes supported by the General Terms of Agreement of the Association of British Insurers ("GTA"). Such charges are not recognised at the time of the hire transaction as they have not been earned; rather they are recognised when they can be reliably determined, which is normally on settlement of the related claim. The estimation of an impairment provision is detailed in note 1d.

f) Government grants

Government grants are recognised in the statement of comprehensive income on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate. General government grants for which there is no specified purpose are recognised in other income.

SGS Business Process Services (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

g) Borrowing costs

Borrowing costs includes finance charges in respect of leases. Borrowing costs are expensed in the year in which they are incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset which are capitalised until the asset is ready for its intended use or sale.

h) Taxation

Income tax

The tax expense for the year comprises of current and deferred tax and is recognised in the statement of comprehensive income. Under certain circumstances, tax is recognised either in other comprehensive income or directly in equity, depending on the item that the tax relates to.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the UK where the Company operates and generates taxable income.

Deferred tax assets and liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets and liabilities are determined using the current income tax charge defined above and is shown net in the statement of financial position. Deferred tax assets are recognised to the extent that it is highly probable that future taxable profits will be available against which the temporary differences can be utilised and is shown net in the statement of financial position. The deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Value Added Tax ("VAT")

Revenue, expenses and assets are recognised net of the amount of VAT, except where the VAT incurred is not recoverable from Her Majesty's Revenue and Customs ("HMRC") and is therefore recognised as part of the asset's cost or as part of the expense item. Receivables and payables are stated inclusive of VAT.

The net amount of VAT payable to HMRC is included as part of current payables in the statement of financial position.

i) Intangible assets

Software licenses and expenditure on developing software and other computer systems, providing they meet the criteria for recognition under IAS 38 "*Intangible assets*", are capitalised and held at historic cost less accumulated amortisation and any accumulated impairment losses. Each asset is amortised from the date the asset is available for use on a straight-line basis over its finite useful economic life of 7 years.

Expenditure on research activities and maintenance of the software programmes is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets is reported in administrative expenses in the statement of comprehensive income.

SGS Business Process Services (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

j) Impairment of assets

All property, plant and equipment and intangible assets are reviewed for impairment at each financial year end in accordance with IAS 36 "Impairment of Assets" if there is an indication that the carrying value of the asset may have been impaired.

An impairment loss is recognised for the amount at which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is calculated using future estimated cash flows, discounted by the appropriate cost of capital resulting from the use of those assets. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Any impairment losses are recognised in the statement of comprehensive income.

k) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, commencing from the time the asset is ready for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation rates	Depreciation method
Fixtures and fittings	5 years	Straight Line
Computer equipment	3 years	Straight Line
Right-of-use assets	15 years	Straight Line

An asset's residual value and useful life is reviewed, and adjusted if appropriate, at the end of each reporting year.

l) Trade and other receivables

Trade receivables are held at amortised cost less any impairment provisions and this equates to their recoverable value. Collectability of trade receivables is reviewed at each reporting date. Management considers, on a forward-looking basis, the expected credit losses associated with the classes of similar trade receivables and provided for the appropriate impairment. Debts that are known to be uncollectable are written off when identified.

Collectability of intercompany and related party balances is reviewed at each reporting period. Management considers whether an impairment is required based upon recoverability. Debts that are known to be uncollectable are written off when identified.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held on call with banks and short-term deposits with an original maturity of three months or less.

n) Trade and other payables

Trade and other payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are non-interest bearing and are stated at their nominal value. Trade and other payables are classified as current liabilities if payment is due within one year or less.

SGS Business Process Services (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

o) Employee benefits

Short-term employee benefit obligations

Liabilities for wages and salaries, annual leave and any other employee benefits that are expected to be settled within twelve months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented in accruals.

Defined contribution pension plan

The Company contributes to a defined contribution plan in respect of employee services rendered during the year. The Company recognises a liability and an expense as they are incurred. The pension liability is presented in social security and pension payable.

p) Leases

A lease is defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date of a lease, a right-of-use asset and a lease liability are recognised in the financial statements.

The lease liability is initially measured at the present value of expected future lease payments discounted at the interest rate implicit in the lease. Lease incentives are recognised as part of the measurement of the lease liability. In determining the lease term, management considers all facts and circumstances that create an economic incentive to not exercise a termination option. Periods after termination options are only included in the lease term if the lease is reasonably certain to not be terminated. Subsequently the lease liability decreases by the lease payments made, offset by the interest on the liability which is recognised as a finance cost in the statement of comprehensive income.

The right-of-use asset is initially measured at cost, being the value of the lease liability at the commencement date. The asset is depreciated on a straight-line basis over the expected term of the lease and is tested for impairment in accordance with IAS 36 "*Impairment of assets*".

The Company has elected to use the recognition exemptions for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as leases with a value of less than £4,000) which are expensed to administrative expenses on a straight-line basis over the term of the lease.

q) Provisions

Provisions for liabilities are recognised when the Company has a present, legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the end of the reporting period.

r) Financial guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

s) Non-recurring items

Income or costs which are both material and exceptional or one-off in nature, whose significance is sufficient to warrant separate disclosure in the financial statements, are referred to as non-recurring items. The Directors consider that the separate disclosure of these items assists in understanding the Group's financial performance.

SGS Business Process Services (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

t) Financial instruments

Classification

The Company classifies its financial instruments in the following measurement categories:

- Those to be measured subsequently at fair value;
- Those to be measured at amortised cost; or
- Those to be measured at the present value, where future cash flows have been discounted.

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in equity, trade and other receivables, cash and cash equivalents, lease liabilities and trade and other payables. Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit or loss. After initial recognition, non-derivative financial instruments are measured as described below.

Financial assets

The Company holds financial assets at fair value consisting of trade and other receivables and cash and cash equivalents.

Impairment of financial assets

Financial assets are reviewed for impairment at each financial year end in accordance with IAS 36 "Impairment of assets" if there is an indication that the carrying value of the asset may have been impaired. For trade and other receivables, the Company applies the simplified approach permitted by IFRS 9 "Financial instruments", which requires expected lifetime losses to be recognised from initial recognition.

Financial liabilities

Financial liabilities include trade and other payables, lease liabilities and loans from third parties including loans from or other amounts due to related entities. Non-derivative financial liabilities are recognised at present value, comprising of the original debt plus interest less principal payments. The implied interest expense is recognised in the statement of comprehensive income. Any gain or loss arising on derecognition is recognised directly in the statement of comprehensive income.

Lease liabilities are held at the present value of expected future payments discounted at the interest rate implicit in the lease. Liabilities are classified as current if the obligation falls due within one year.

2. Revenue

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Provision of claims management services	12,632	25,823

Revenue has been reported net after an impairment provision of £1.0m (2020: £1.9m).

The revenue of the Company for the current and prior year has been derived wholly from activities undertaken in the United Kingdom.

3. Other income

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
General government grant	190	411

The Company continued to use the Coronavirus Job Retention Scheme in the year ended 31 December 2021. This resulted in the Group receiving a government grant which provided funding for salaries of employees whose roles were impacted by the Covid-19 pandemic. The total receipt is shown gross since the grant has no conditions attaching to it.

SGS Business Process Services (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

4. Operating loss

Operating loss is stated after charging:

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Amortisation of intangible assets (note 9)	2	58
Depreciation of property, plant and equipment (note 10)	224	292
Loss on disposal of property, plant and equipment	79	-
Impairment of right-of-use assets	67	-
Auditor's remuneration for the audit of the Company's financial statements	60	60
IFRS 16 lease modification loss	-	33

The Company incurred no non-audit fees for the year ended 31 December 2021 (2020: £nil).

4.1 Non-recurring items

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Impairment of right-of-use assets	1,576	-
Lease liability reassessment	(1,508)	-
Impairment of trade receivables	2,061	-
Redundancies	1,330	-
Loss on disposal of property, plant and equipment	79	-
Restructuring costs	350	-
	3,888	-

Following the announcement on 17 November 2021, as detailed in the Strategic Report, non-recurring costs were incurred:

- Right-of-use assets have been impaired and the lease liability for the Blackpool office reduced to reflect the anticipated lease exit date of October 2023.
- Redundancy costs of £1.3m and restructuring costs of £0.4m relate the termination of staff employment and onerous provisions as a result of the reduced business operations.
- An additional impairment of trade receivables has been recognised in relation to reduced business operations expectation of collections.

5. Employee information

5.1 Employee benefits

The aggregate employee expense comprised:

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Wages and salaries	3,434	4,709
Social security costs	299	383
Pension costs	105	101
	3,838	5,193

SGS Business Process Services (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

5. Employee information (continued)

5.2 Employee numbers

The monthly average number of people, including Directors, employed by the Company during the year was:

	Year ended 31 December 2021	Year ended 31 December 2020
	Number	Number
Shared support	139	166
Legal support	1	43
	140	209

6. Directors' emoluments

The emoluments of the Directors for the year ended 31 December 2021 were £nil (2020: £nil). Directors' emoluments for both the current year and prior year were borne by other group companies.

7. Net finance costs

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Interest receivable		
On deposits	1	-
Interest payable		
Lease liabilities	(221)	(226)
Net finance costs	(220)	(226)

8. Taxation

Factors affecting the tax charge for the year:

The tax charge assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Loss on ordinary activities before taxation	(6,636)	(2,057)
At the statutory income tax rate of 19%	(1,261)	(391)
<i>Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:</i>		
Expenses not deductible for tax purposes	21	6
Deferred tax assets not recognised	804	385
Group relief surrendered	436	-
Total tax for the year	-	-

A reduction to the UK corporation tax rate down from 19% to 17% was announced in the 2016 Budget and enacted on 15 September 2016 (to be effective from 1 April 2020). However the 2020 Budget announced that this reduction in rate would be reversed with 19% being maintained from 1 April 2020.

An increase to the UK corporation tax rate from 19% to 25% was announced in the 2021 Budget and was substantively enacted on 24 May 2021. The changes in tax rates do not have a current impact on the recognition of deferred tax at 31 December 2021 as deferred tax is nil at the year end.

SGS Business Process Services (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

9. Intangible assets

	Computer Software £'000
Cost	
At 31 December 2020	6,399
Derecognition	(6,399)
At 31 December 2021	-
Amortisation	
At 31 December 2020	6,396
Charge for the year	2
Derecognition	(6,398)
At 31 December 2021	-
Net book value	
At 31 December 2021	-
At 31 December 2020	3

Software with a nil NBV was written off following the decision to cease operations. There is no impact to the financial statements.

10. Property, plant and equipment

	Fixtures and fittings £'000	Computer equipment £'000	Right-of-use assets £'000	Total £'000
Cost				
At 31 December 2020	165	17	1,975	2,157
Additions	-	-	147	147
Impairment	(165)	(17)	(1,975)	(2,157)
At 31 December 2021	-	-	147	147
Depreciation				
At 31 December 2020	54	17	266	337
Charged in the year	33	-	191	224
Impairment	(87)	(17)	(400)	(504)
At 31 December 2021	-	-	57	57
Net book value				
At 31 December 2021	-	-	90	90
At 31 December 2020	111	-	1,709	1,820

Right-of-use assets consist of properties under leases within the scope of IFRS 16. The Blackpool site was fully written down as part of the re-organisation of the Company, as detailed in note 4.

SGS Business Process Services (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

11. Trade and other receivables

	31 December 2021 £'000	31 December 2020 £'000
Trade receivables	4,368	11,306
Prepayments	284	856
Amounts owed by immediate parent	2,694	3,145
Amounts owed by related parties	73	6
Other receivables	-	272
	7,419	15,585

Trade receivables are reported net of an impairment provision of £5.7m (2020: £4.2m).

The fair value of the trade receivables, prepayments and other receivables is considered to be equal to their carrying amount. Amounts owed from the immediate parent are secured, do not attract interest and are repayable on demand.

The split of trade receivables and provisions shown below is part of The General Terms of Agreement ("GTA") for the credit hire industry.

	31 December 2021 £'000	31 December 2020 £'000
GTA trade receivable	8,620	13,115
GTA impairment provision	(5,679)	(4,219)
Net GTA trade receivables	2,941	8,896
Non-GTA trade receivables	1,432	2,418
Non-GTA impairment provision	(5)	(8)
Net non-GTA trade receivables	1,427	2,410
	4,368	11,306

12. Trade and other payables

	31 December 2021 £'000	31 December 2020* £'000
Trade payables	2,480	4,528
Payroll and other taxes including social security	299	407
VAT payable	1,163	2,886
Accruals	2,197	1,941
	6,139	9,762

*At 31 December 2020 £0.2m previously classified as Other payables has been reclassified as Payroll and other taxes including social security to reflect accurate liability categories.

Trade payables are non-interest bearing and principally comprise amounts outstanding for trade purchases and on-going costs. Amounts owed to related parties do not attract interest and are repayable on demand.

SGS Business Process Services (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

13. Lease liabilities

Lease liabilities consist of properties under leases within the scope of IFRS 16. The lease liabilities reported in the statement of financial position comprise:

	31 December 2021 £'000	31 December 2020 £'000
Amounts payable under finance leases:		
Within one year	387	313
In the second to fifth years inclusive	324	1,096
After five years	-	2,452
Total gross payments	711	3,861
Less: future finance charges	(87)	(1,759)
Carrying value of liability	624	2,102
Maturity analysis:		
Current	339	98
Non-current (1-5 years)	285	465
Non-current (5+ years)	-	1,539
	624	2,102

During the year ended 31 December 2021, the Company announced reduced business activities going forward, as detailed in the Strategic Report. As a result, the Company is expecting to exercise the October 2023 early exit clause in the Blackpool office lease agreement. A reduction of £1.5m to the lease liability has been recognised.

The Company's financial statements have therefore been prepared on a basis other than going concern. All assets and liabilities are classified as current and are reported at their estimated fair values. The exception is right-of-use assets, onerous lease and lease liabilities owing to contractual obligations to pay for these assets after 12 months.

For the year ended 31 December 2021, the cash paid for all lease liabilities was £0.3m (2020: £0.3m). No expenses have been incurred for low value and short term leases for the year ended 31 December 2021 (2020: £nil).

14. Provisions

	Onerous provision £'000
Balance as at 31 December 2020	-
Additions	351
Balance as at 31 December 2021	351
Analysed as:	
Current	156
Non-current	195
	351

The provisions reported above have been shown as current or non-current on the statement of financial position reflecting the Company's expected timing of the matters reaching conclusion.

Onerous provision: The provision represents the remaining expenditure on rates and utilities that no longer derive economic benefit in the future. The onerous provisions are stated at the net present value of the amounts payable under the contracts.

SGS Business Process Services (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

15. Share capital

	31 December 2021	31 December 2020
	£	£
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

16. Ultimate parent company

The immediate parent is Slater & Gordon (UK) 1 Limited, a company registered in England and Wales.

The ultimate parent undertaking and controlling party is Slater and Gordon UK Holdings Limited, a company incorporated in England and Wales and is both the smallest and largest parent company preparing group financial statements. Copies of the consolidated financial statements of Slater and Gordon UK Holdings Limited can be obtained from 58 Mosley Street, Manchester, England, M2 3HZ.

17. Contingent liabilities

Until 18 October 2022 when a release agreement was signed, the Company was a guarantor to a GBP currency Super Senior Facility Agreement ("SSFA") dated 22 December 2017, amended 14 December 2021, pursuant to which the Company's direct parent company, Slater & Gordon (UK) 1 Limited, was a borrower having fully drawn the facility. The principal and accrued interest under the facility at 31 December 2021 were £43.5m (2020: £33.8m). Pursuant to the terms of the SSFA, the Company had given a cross-guarantee (along with other UK Group companies) in relation to all liabilities outstanding under the SSFA in favour of the Finance Parties (as defined under the SSFA), which are all shareholders of Slater and Gordon UK Holdings Limited, the ultimate parent company.

The Company was also party to a debenture dated 22 December 2017 (the "Debenture"), amended 14 December 2021, pursuant to which the Company (together with other UK Group companies) covenants with GLAS Trust Corporation Limited (acting as Security Trustee for itself and the Secured Parties (as defined in the Debenture), which are all shareholders of Slater and Gordon UK Holdings Limited, the ultimate parent company) that it would on demand pay all liabilities outstanding under the SSFA (and associated finance documents) when they were due and payable and granted security over all of its assets in favour of GLAS Trust Corporation Limited (acting as Security Trustee for itself and the Secured Parties).

18. Subsequent events

Macroeconomics

During 2022, the biggest risk in the markets has been the rise in inflation and, as a result, central banks have started to raise interest rates. Since February 2022, the Company has been closely monitoring the geopolitical issues in Ukraine and the effect on global markets. These events have, so far, not impacted on the long term returns for the Company.

Future developments

As detailed in the Strategic Report, on 17 November 2021 the Directors announced a plan to enter into third party partnerships for the provision of the hire and repair business of the Company. All contracted parties and employees were notified and the scope of services being provided was reduced. The new partnership arrangements were finalised in March 2022, and management intends to cease trade by May 2023.