

Company Registration No. 04757416 (England and Wales)

MIL COLLECTIONS LTD
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021
PAGES FOR FILING WITH REGISTRAR

MIL COLLECTIONS LTD

COMPANY INFORMATION

Director	A G Davis
Secretary	A G Davis
Company number	04757416
Registered office	Palace Building Quay Street Truro Cornwall United Kingdom TR1 2HE
Accountants	Azets Woodlands Court Truro Business Park Truro Cornwall United Kingdom TR4 9NH

MIL COLLECTIONS LTD

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MIL COLLECTIONS LTD

BALANCE SHEET

AS AT 31 MAY 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	3		438,617		281,789
Investments	4		191,890		-
			<u>630,507</u>		<u>281,789</u>
Current assets					
Debtors	5	846,795		732,753	
Cash at bank and in hand		1,476,704		638,797	
		<u>2,323,499</u>		<u>1,371,550</u>	
Creditors: amounts falling due within one year	6	(738,399)		(647,601)	
Net current assets			<u>1,585,100</u>		<u>723,949</u>
Total assets less current liabilities			<u>2,215,607</u>		<u>1,005,738</u>
Provisions for liabilities			(92,155)		(42,177)
Net assets			<u><u>2,123,452</u></u>		<u><u>963,561</u></u>
Capital and reserves					
Called up share capital			2		2
Profit and loss reserves			<u>2,123,450</u>		<u>963,559</u>
Total equity			<u><u>2,123,452</u></u>		<u><u>963,561</u></u>

The director of the company has elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 May 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

MIL COLLECTIONS LTD

BALANCE SHEET (CONTINUED)

AS AT 31 MAY 2021

The financial statements were approved and signed by the director and authorised for issue on 8 February 2022

A G Davis

Director

Company Registration No. 04757416

MIL COLLECTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2021

1 Accounting policies

Company information

MIL Collections Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Palace Building, Quay Street, Truro, Cornwall, United Kingdom, TR1 2HE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, except for investments in previous metals that are measured at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In making his assessment the director considered the impact of the ongoing COVID-19 pandemic. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents the total invoice value, excluding value added tax, of commissions charged on the recovery of debts during the period and of the amounts received in respect of purchased debts in excess of the amounts paid.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Term of the lease
Fixtures and fittings	15% on reducing balance
Motor vehicles	20% straight line
Telephone connection	33% straight line
Software development	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Investments

Investments in previous metals are measured at fair value with changes in fair value recognised in profit or loss.

MIL COLLECTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

1 Accounting policies

(Continued)

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

MIL COLLECTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

MIL COLLECTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

1 Accounting policies

(Continued)

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.16 Accrued income

This represents an agreement with a particular client's debtor to make repayments against that debt over a period of time. MIL Collections Ltd could therefore predict it would receive commissions on these balances as a result of an agreement in place at the balance sheet date. On the basis that MIL Collections Ltd had completed the majority of its work (i.e. securing a repayment agreement) and the director considers it is probable that it would receive its commission on the repayments with little or no further intervention. This therefore forms the basis of the calculation for the accrued income.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	53	33

MIL COLLECTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

3 Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Motor vehicles	Telephone connection	Software development	Total
	£	£	£	£	£	£
Cost						
At 1 June 2020	82,318	180,777	92,223	9,195	49,677	414,190
Additions	45,072	31,070	140,777	-	26,030	242,949
At 31 May 2021	127,390	211,847	233,000	9,195	75,707	657,139
Depreciation and impairment						
At 1 June 2020	6,032	77,158	-	7,342	41,869	132,401
Depreciation charged in the year	18,157	16,630	44,843	1,068	5,423	86,121
At 31 May 2021	24,189	93,788	44,843	8,410	47,292	218,522
Carrying amount						
At 31 May 2021	103,201	118,059	188,157	785	28,415	438,617
At 31 May 2020	76,286	103,619	92,223	1,853	7,808	281,789

4 Investments

	2021 £	2020 £
Other investments other than loans	191,890	-
Movements in investments		
Cost or valuation		
At 1 June 2020	-	-
Additions		239,693
Change in fair value		(47,803)
At 31 May 2021		191,890
Carrying amount		
At 31 May 2021		191,890
At 31 May 2020		-

MIL COLLECTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

5 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	262,948	331,276
Other debtors	583,847	401,477
	<u>846,795</u>	<u>732,753</u>

6 Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	48,467	17,498
Trade creditors	41,993	35,709
Taxation and social security	637,060	573,979
Other creditors	10,879	20,415
	<u>738,399</u>	<u>647,601</u>

7 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021	Liabilities 2020
	£	£
Balances:		
Accelerated capital allowances	<u>92,155</u>	<u>42,177</u>
Movements in the year:		2021
		£
Liability at 1 June 2020		42,177
Charge to profit or loss		49,978
Liability at 31 May 2021		<u>92,155</u>

From 17 March 2020 the substantively enacted UK corporation tax rate was 19% as announced by the Government in the Spring Budget 2020. However, the UK corporation tax rate will increase to 25% with effect from 1 April 2023 per Finance Bill 2021. This increased tax rate was substantively enacted on 24 May 2021. As a result, deferred tax has been calculated at a rate of 25%.

MIL COLLECTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

8 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2021 £	2020 £
Within one year	39,708	34,708
Between two and five years	132,000	132,000
In over five years	4,916	37,916
	<u>176,624</u>	<u>204,624</u>

9 Related party transactions

During the year MIL Collections Limited purchased services of £60,000 (2020: £40,000) from and provided a loan of £101,853 (2020: £260,000) to MIL Outsource Limited, a company under common control. At the year end the company was owed £178,053 (2020: £262,393) by MIL Outsource Limited. The balance is included in other debtors and is non-interest bearing and is at call.

10 Directors' transactions

Dividends totalling £600,000 (2020 - £700,000) were paid in the year in respect of shares held by the company's directors.

During the year, the company provided a loan facility of up to £750,000 to the director, of which an amount of £300,000 (2020: £nil) was drawn, as disclosed in Debtors: Amounts falling due after one year. Interest is charged at the official rate, currently 2.25% and the loan is repayable by 31 May 2025.

Credit loan balances are interest free and at call.

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
A G Davis -	2.25	(12,489)	304,955	5,250	(12,402)	285,314
		<u>(12,489)</u>	<u>304,955</u>	<u>5,250</u>	<u>(12,402)</u>	<u>285,314</u>

11 Ultimate controlling party

The ultimate controlling party is the director, A G Davis, by virtue of his 100% shareholding in the company.

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