Registered number: 05223252

ADVANTIS CREDIT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

CONTENTS

COMPANY INFORMATION

Directors	S P Jackson (resigned 13 January 2020) H S Jackson (resigned 13 January 2020) M A Webb B E Roscoe N S Tubbs (appointed 13 January 2020) Y Ono (appointed 13 January 2020) X Lu (appointed 13 January 2020)
Registered number	05223252
Registered office	Floor 9 Peninsular House 30-36 Monument Street London EC3R 8LJ
Independent auditors	Nexia Smith & Williamson Chartered Accountants & Statutory Auditors Portwall Place Portwall Lane Bristol BS1 6NA

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Introduction

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

Business review

Advantis Credit Limited is a subsidiary of CDER Group Limited, having joined the Group on 13 January 2020. Its principal activitiy is the collection of consumer and commercial debt for third parties. The services are mainly provided on a contingent basis where the company incurs the majority of its cost when the debt is placed and then receives a percentage of the collection as income.

Principal risks and uncertainties

The main financial risk is the volume and profitablity of debts placed by clients. The company mitigates this by continuing to develop strong relationships with clients, ensuring leading collections performance is delivered in a flexible and compliant manner. Profitablity is managed through a business model being created for each debt portfolio measuring actual and forecast performance.

The main operational risk relates to conduct where non-compliant actions could lead to contractual or regulatory breaches, which may result in lower volumes of debts being placed by clients. The risk is mitigated through staff training, coaching and management underpinned by a risk, audit and compliance framework which monitors and reports on activity to ensure compliance with all legal, regulatory and contractual obligations.

The current economic circumstances continue to provide both risks and opportunities for the company. The business has been well managed through the recent turbulence created by the COVID-19 pandemic which gives the directors confidence that it continues to be well placed in the medium and long term to support the recovery of the UK economy from the significant economic risks of the COVID-19 pandemic. The flexible cost base (low fixed costs), strong cash reserves and market access has enabled the directors to be nimble in their response to market pressures, this strategy will allow the business to recover quickly from the recent economic downturn and provide support to our clients to recover necessary funds whilst dealing fairly with our customers, many of whom will have been adversely impacted by the pandemic.

Financial key performance indicators

The key performance indicators considered by the directors relate to the value of debt collected and the volume of debts placed. In the year ended 30 September 2020, the company collected debts totalling £148,690,704 (2019: £177,648,599) and placed a total number of debts of 1,393,392 (2019: 2,079,107).

This report ~~was approved by the~~ board on 29th June 2021 and signed on its behalf.

M Webb
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their report and the financial statements for the year ended 30 September 2020.

Results and dividends

The profit for the year, after taxation, amounted to £694,349 *(2019 - £1,917,765).*

A dividend of £2,500,000 (2019 - £200,000) has been paid during the year.

Directors

The directors who served during the year were:

S P Jackson (resigned 13 January 2020)
H S Jackson (resigned 13 January 2020)
M A Webb
B E Roscoe
N S Tubbs (appointed 13 January 2020)
Y Ono (appointed 13 January 2020)
X Lu (appointed 13 January 2020)

Directors' responsibilities statement

The directors are responsible for preparing the 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 to 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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

M Webb
Director

Date: 29/6/21

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANTIS CREDIT LIMITED

Opinion
We have audited the financial statements of Advantis Credit Limited (the 'company') for the year ended 30 September 2020 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter
We draw attention to note 2.3 of the financial statements, which describes the impact of COVID-19 on the company. Our opinion is not modified in respect of this matter.

Other information
The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANTIS CREDIT LIMITED (CONTINUED)

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Nexia Smith & Williamson

Nigel Hardy (Senior Statutory Auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditors

Portwall Place
Portwall Lane
Bristol
BS1 6NA
Date: 29 June 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 £	*2019 £*
Turnover	4	**7,312,150**	*9,763,878*
Cost of sales		**(6,065,132)**	*(7,069,191)*
Gross profit		**1,247,018**	*2,694,687*
Administrative expenses		**(684,628)**	*(747,146)*
Exceptional administrative expenses	14	**(465,602)**	-
Other operating income	5	**762,081**	-
Fair value gain on investments	6	-	*412,061*
Operating profit	6	**858,869**	*2,359,602*
Interest receivable and similar income	10	**8,936**	*7,718*
Interest payable and expenses	11	**(6,012)**	-
Profit before tax		**861,793**	*2,367,320*
Tax on profit	12	**(167,444)**	*(449,555)*
Profit for the financial year		**694,349**	*1,917,765*

The notes on pages 11 to 27 form part of these financial statements.

BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note		2020 £		2019 £
Fixed assets					
Tangible assets	15		1,043,482		136,433
			1,043,482		136,433
Current assets					
Debtors: amounts falling due within one year	16	1,215,938		1,454,271	
Cash at bank and in hand	17	15,943,291		11,409,594	
		17,159,229		12,863,865	
Creditors: amounts falling due within one year	18	(13,647,529)		(7,916,251)	
Net current assets			3,511,700		4,947,614
Total assets less current liabilities			4,555,182		5,084,047
Creditors: amounts falling due after more than one year	19		(718,080)		-
Deferred taxation	22	(32,268)		(18,014)	
			(32,268)		(18,014)
Net assets			3,804,834		5,066,033
Capital and reserves					
Called up share capital	23		104		100
Share premium account	24		17,635		-
Profit and loss account	24		3,787,095		5,065,933
			3,804,834		5,066,033

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 June 2021

M Webb
Director

The notes on pages 11 to 27 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2018	**100**	**-**	**3,348,168**	**3,348,268**
Comprehensive income for the year				
Profit for the year	-	-	1,917,765	1,917,765
Total comprehensive income for the year	-	-	1,917,765	1,917,765
Dividends: Equity capital	-	-	(200,000)	(200,000)
At 1 October 2019	**100**	**-**	**5,065,933**	**5,066,033**
Comprehensive income for the year				
Profit for the year	-	-	694,349	694,349
Share option charge	-	-	465,602	465,602
Tax credit on exercise of options	-	-	61,211	61,211
Total comprehensive income for the year	-	-	1,221,162	1,221,162
Dividends: Equity capital	-	-	(2,500,000)	(2,500,000)
Shares issued during the year	4	17,635	-	17,639
At 30 September 2020	**104**	**17,635**	**3,787,095**	**3,804,834**

The notes on pages 11 to 27 form part of these financial statements.

1. General information

Advantis Credit Limited ("the company") is a private company limited by shares and incorporated in England and Wales with the registration number 05223252. The address of the registered office is Floor 9, Peninsular House, 30-36 Monument Street, London, EC3R 8LJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 101 is given in note 26.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

First time application of FRS 100 and FRS 101

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2. Accounting policies (continued)

2.3 Going concern

The Directors acknowledge that the financial performance of the Company has been impacted by the ongoing COVID-19 pandemic. Given the limitations on enforcement activity during periods of lockdown, the Directors managed the cost base of the Company in order to address the reduction in cash collections. Detailed in Note 3 is the Directors' assessment of the risks associated with future collection rates and these have been considered when preparing the cash flow forecasts reviewed by the directors as part of their going concern assessment. As lockdown restrictions ease, the Directors consider that the Company is well placed to return to more normal levels of operation and profitability.

Having prepared a cash flow forecast for the Company for the next 12 months, the Directors are confident that existing cash reserves are sufficient to ensure that the Company continues to operate as a going concern for the foreseeable future. Accordingly, the financial statements have been prepared on this basis.

2.4 Impact of new international reporting standards, amendments and interpretations

IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 October 2019.

The impact of applying IFRS 16 for the first time was the recognition of Right of Use assets of £959,602 and lease liabilities of the same amount.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

The Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction prices of these contracts for the time value of money.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

2.6 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company

2. Accounting policies (continued)

2.6 Leases (continued)

recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.7 Government grants

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Balance Sheet and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Interest payable

Interest payable represents amounts payable on right of use asset lease, capitalised under adoption of IFRS 16. Amounts charged are based on the interest rates implicit in the underlying leases.

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.14 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Right of use property	-	20% straight line over the lease term
Long-term leasehold property	-	20% straight line
Plant and machinery	-	25% to 50% straight line
Fixtures and fittings	-	25% straight line
Office equipment	-	25% to 50% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. Accounting policies (continued)

2.19 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2. Accounting policies (continued)

2.20 Dividends

Equity dividends are recognised when they become legally payable.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. The area where the most judgement is required in the preparation of these financial statements is highlighted below:

Revenue recognition, including related accrued income and cost provisions

Given the nature of the company's operations, there is an inherent exposure to collection risk. This occurs where a case is aborted due primarily to a debtor being put into administration, declared insolvent or otherwise having insufficient goods to warrant pursuit of monies owed. Management perform regular reviews of historic collection rates and adjust revenue recognised accordingly.

The Directors acknowledge that collection rates have been affected by COVID-19, as a result of limitations on enforcement activity and an increased population considered vulnerable. The Directors believe that collection rates will return to the levels achieved pre-COVID-19 and consider that the level of provision properly reflects their best estimate of future collection rates. However, it is acknowledged that the impact of this pandemic on future collection rates and revenues remains uncertain.

4. Turnover

All turnover arose within the United Kingdom.

5. Other operating income

	2020	*2019*
	£	*£*
Government grants receivable	**762,081**	-
	762,081	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

6. Operating profit

The operating profit is stated after charging/(crediting):

	2020 £	*2019 £*
Depreciation of tangible fixed assets	**142,295**	*48,364*
Fair value gain on investments	**-**	*(412,061)*
Share based payment charge	**465,602**	*-*
Defined contribution pension cost	**67,487**	*156,616*

7. Auditors' remuneration

	2020 £	*2019 £*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**20,050**	*6,510*

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	*2019 £*
Wages and salaries	**4,143,258**	*4,298,642*
Social security costs	**293,852**	*305,156*
Cost of defined contribution scheme	**67,487**	*156,616*
	4,504,597	*4,760,414*

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	*2019 No.*
Administration and support	**218**	*243*

9. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	244,112	200,000
Company contributions to defined contribution pension schemes	2,629	102,122
	246,741	302,122

During the year retirement benefits were accruing to 2 directors *(2019 - 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £146,378 *(2019 - £100,000)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,314 *(2019 - £100,000)*.

In addition to the above, a share option charge of £465,602 has been reported in exceptional items in respect of share options awarded to directors in the year ended 30 September 2017 but which vested and were exercised in the year.

10. Interest receivable

	2020	2019
	£	£
Bank and other interest receivable	8,936	7,718
	8,936	7,718

11. Interest payable and similar expenses

	2020	2019
	£	£
Interest on right of use asset leases	6,012	-
	6,012	-

12. Taxation

	2020 £	*2019 £*
Corporation tax		
Current tax on profits for the year	**153,190**	*449,555*
Total current tax	**153,190**	*449,555*
Deferred tax		
Origination and reversal of timing differences	**12,135**	*-*
Changes to tax rates	**2,119**	*-*
Total deferred tax	**14,254**	*-*
Taxation on profit for year	**167,444**	*449,555*

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2019 - lower than)* the standard rate of corporation tax in the UK of 19% *(2019 - 19%)*. The differences are explained below:

	2020 £	*2019 £*
Profit before tax	**861,793**	*2,367,320*
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**163,741**	*449,791*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,584**	*(2,774)*
Capital allowances for year in excess of depreciation	**-**	*(13,480)*
Remeasurement of deferred tax due to change in tax rates	**2,119**	*-*
Other timing differences leading to an increase (decrease) in taxation	**-**	*(21,431)*
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	**-**	*(78,292)*
Other differences leading to an increase (decrease) in the tax charge	**-**	*115,741*
Total tax charge for the year	**167,444**	*449,555*

A tax credit of £61,211 (2019: £nil) has been recognised in the statement of changes in equity in relation to the exercise of the share options as detailed in Note 23.

12. Taxation (continued)

Factors that may affect future tax charges

The Finance Bill 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. These changes are not included above as the Finance Bill 2021 was not substantively enacted by the year end.

13. Dividends

	2020 £	*2019* *£*
Dividends	**2,500,000**	*200,000*
	2,500,000	*200,000*

14. Exceptional administrative expense

	2020 £	*2019* *£*
Share option charge	**465,602**	-
	465,602	-

15. Tangible fixed assets

	Right of use property £	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 October 2019	-	21,980	953,257	104,152	1,412	1,080,801
Additions	959,602	8,313	76,055	46,414	1,890	1,092,274
Disposals	(85,830)	-	(6,186)	(833)	-	(92,849)
At 30 September 2020	873,772	30,293	1,023,126	149,733	3,302	2,080,226
Depreciation						
At 1 October 2019	-	17,783	832,798	92,375	1,412	944,368
Charge for the year on owned assets	74,300	1,788	58,880	7,052	275	142,295
Disposals	(45,174)	-	(4,311)	(434)	-	(49,919)
At 30 September 2020	29,126	19,571	887,367	98,993	1,687	1,036,744
Net book value						
At 30 September 2020	844,646	10,722	135,759	50,740	1,615	1,043,482
At 30 September 2019	*-*	*4,197*	*120,459*	*11,777*	*-*	*136,433*

Included above are Right of Use property assets of £844,646 capitalised on adoption of IFRS 16. The lease obligations in respect of these assets are disclosed in Notes 17, 18 and 19 below.

16. Debtors

	2020 £	*2019 £*
Trade debtors	578,428	*983,979*
Other debtors	473,316	*375,011*
Prepayments and accrued income	164,194	*95,281*
	1,215,938	*1,454,271*

17. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	15,943,291	11,409,594
	15,943,291	11,409,594

18. Creditors: Amounts falling due within one year

	2020 £	2019 £
Payments received on account	12,326,555	6,959,363
Trade creditors	329,320	186,875
Corporation tax	-	282,764
Other taxation and social security	481,286	308,793
Lease liabilities	126,566	-
Other creditors	149,065	68,004
Accruals and deferred income	234,737	110,452
	13,647,529	7,916,251

19. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Lease liabilities	718,080	-
	718,080	-

20. Leases

Company as a lessee

Lease liabilities are due as follows:

	2020 £
Not later than one year	**126,566**
Between one year and five years	**718,080**
	844,646

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

21. Financial instruments

	2020 £	*2019 £*
Financial assets		
Financial assets measured at fair value through profit or loss	**15,943,291**	*11,409,594*

Financial assets measured at fair value through profit or loss comprise bank balances..

22. Deferred taxation

	2020 £	*2019 £*
At beginning of year	**(18,014)**	*(39,446)*
Charged to profit or loss	**(14,254)**	*-*
Utilised in year	**-**	*21,432*
At end of year	**(32,268)**	*(18,014)*

The provision for deferred taxation is made up as follows:

	2020 £	*2019 £*
Accelerated capital allowances	**(33,340)**	*(18,014)*
Short term timing differences	**1,072**	*-*
	(32,268)	*(18,014)*

23. Share capital

	2020 £	*2019 £*
Allotted, called up and fully paid		
10,418 *(2019 - 10,000)* Ordinary shares of £0.01 each	**104**	*100*

On 13 January 2020, 418 shares were issued on the exercise of share options for total proceeds of £17,639. There are no unexercised share options at the end of the year. An exceptional charge has been recognised in the statement of comprehensive income this year to reflect the accelerated vesting of these options prior to acquisition. The value of the share options has been determined by reference to the intrinsic value of the options at date of grant.

24. Reserves

Share premium account

Amount subscribed for share capital in excess of nominal value.

Profit and loss account

The profit and loss account represents accumulated profits and losses less dividends.

25. Controlling party

The immediate parent company of Advantis Credit Limited is CDER Group Limited, a company registered in England. Consolidated financial statements for the year ended 31 July 2020 will be prepared by CDER Group Limited

The ultimate controlling parent is Outsourcing Inc., a company registered in Japan. This company prepares consolidated financial statements which are publicly available. There is not considered to be a single controlling party of Outsourcing Inc.

26. First time adoption of FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.