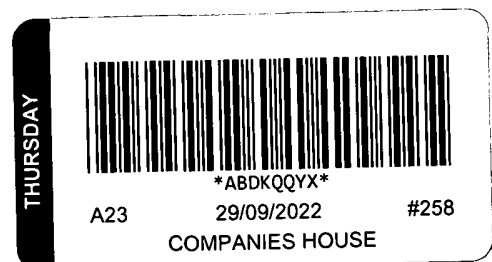


Registration number: 06476959

Orbit Credit Services Ltd  
(formerly Orbit Debt Collections Ltd)

Annual Report and Financial Statements  
for the Year Ended 31 December 2021



# **Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**

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**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Company Information**

**Directors at date of approval of the financial statements**

Lynn Wendy Cruickshanks (appointed 18 January 2021)

Jonathan Andrew Graham

Leo Weston (appointed 11 November 2021)

**Company Secretary**

Sarah Whiteley

**Registered office**

1 Kings Hill Avenue  
Kings Hill  
West Malling  
ME19 4UA

**Auditor**

BDO LLP  
Chartered Accountants and Statutory Auditor  
55 Baker Street  
London  
W1U 7EU

## **Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**

### **Strategic Report for the Year Ended 31 December 2021**

The directors present their strategic report for the year ended 31 December 2021.

#### **Business Review**

##### ***Performance during the year***

The principal activity of the Company is the collection of non-performing consumer and commercial debt for third parties, focused on the water sector. Turnover in the year of £11m was £1.5m higher than that reported in the year ended 31st December 2020, with the prior year impacted by significant challenges across the period of responding to the impact of the COVID-19 pandemic. This had resulted in the suspension of field services for a number of months across 2020, to ensure the safety of our customers and colleagues as safe working processes were implemented, together with fluctuations in overall placement volumes across the broader contingent collections market. However, activity levels have recovered with the resulting growth in revenues across 2021.

Productivity improved across the year, as the expansion of our remote working capability addressed the challenges of responding to the impact of COVID-19 on occupancy levels within our premises. However, the labour market challenges that emerged across the year have increased the cost base of the business.

Despite these challenges, the Company remains well positioned in its core markets to respond to the anticipated increase in demand that will emerge from the water sector across 2022 in response to the increasing pressure on consumers arising from the impact of inflation on the cost of living.

##### ***Key performance indicators***

The main KPIs used in the business are a portfolio level analysis of registrations, recovery curves and transactional costs, together with operational data to measure productivity and compliance. These are used to assess the overall delivery of the business across a balanced scorecard assessment of performance measures reflecting revenue generation, cost management, margin delivery and conduct. This framework of KPIs has continued to provide a valid structure for understanding performance as the business has responded initially to the impact of COVID-19 and more recently to emerging challenges of increased rates of cost inflation on consumer affordability.

##### ***Future outlook***

The Company continues to hold a strong and well-established position as a provider of collection services across the water sector and has maintained a strong client base over the period, maintaining strong performance rankings against our competitors and strengthening market share. In addition, whilst the Company has historically focused on the water sector, its services transfer into other sectors and a number of opportunities have been identified that are being pursued. Therefore, whilst the impact of COVID-19 did create some challenges to the operating model, the development of a hybrid office and remote working capability has allowed the Company to continue to service its customers and clients with an increase in demand for collection services anticipated in the market that will provide future opportunities for growth.

#### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy continue to be subject to a number of risks, in particular:

- The impact on resource capacity and the cost base of increased competitiveness in the labour market, with this mitigated by action taken to review the benchmarking of pay rates, increase remote working flexibility for colleagues and to continue to invest in the ongoing development of our people.
- Major changes in the debt management strategies of major clients, with this mitigated by the close relationships that have been established with all major clients, the evolution of new areas of potential activity and the expected growth in underlying client demand across the next few years.
- The impact of macro-economic factors or regulatory requirements on clients, with this mitigated by the Company's proactive engagement with both clients and the relevant regulatory bodies to ensure early and effective adoption of all requirements.

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Strategic Report for the Year Ended 31 December 2021**

- The challenges of increased inflationary pressures on customer affordability, which could impact on the recoverability of assets under management. This mitigated by supporting the core business focus of understanding the financial circumstances of individual customers with an enhanced use of data and analytics to ensure the establishment of sustainable and appropriate repayment plans that respond to any emerging cost of living challenges.

**Principal financial instruments**

***Overview***

The principal financial instruments used by the Company, from which financial instrument risk arises are:

- Trade and other receivables;
- Cash and cash equivalents;
- Trade and other payables; and
- Amounts receivable from and payable to other group undertakings.

A summary of the financial assets and liabilities of the Company as at 31 December 2021, together with the comparative balances at 31 December 2020, is provided in note 17 to the financial statements.

The accounting policies applied to financial instruments are outlined in note 2.12 to the financial statements.

***Cash flow and credit risk***

The Company has established a level of working capital to comfortably operate its existing and planned business activities and, in addition to the preparation of cash flow forecasts within the overall budgeting and reforecasting cycle, management reviews near term cash flow forecasts across the year to ensure that cash requirements are monitored and managed on an ongoing basis. The business also monitors the financial standing of its clients and of its key suppliers, monitoring both client receipts and supplier payments to ensure that both are maintained within agreed terms, although this risk is considered to be low as the Company's clients are all large scale organisations operating under license from the UK government.

***Going concern and liquidity risk***

The Company's client base is primarily composed of large financial organisations and utility providers and has operated with the majority of these for a number of years, with confidence over the ongoing continuation and viability of trading.

Cash balances are maintained to support the working requirements of the business, with surplus funds loaned to other group entities under short term repayment dates, providing significant funding availability that provides the directors with confidence that the Company has adequate resources to continue in operational existence for the foreseeable future and as such the financial statements have been prepared on a going concern basis.

***Interest risk***

The Company's exposure to the risk that future cash flows of a financial instrument will fluctuate due to changes in interest rates is limited to interest bearing balances outstanding with other group companies, which are repayable on demand. As such the potential risk is considered to be minimal.

**Section 172(1) statement**

The principles of delivering good customer outcomes are at the core of the business, and to deliver this requires the Company to understand and align the needs of customers, clients, colleagues, suppliers, regulators and investors to ensure that fair and equitable behaviours are embedded in the activities and ethos of the business. The directors recognise that this approach, together with building strong relationships with the Company's stakeholders, will support delivery of our strategy in line with our long term values and is key to the development of a sustainable business model.

## **Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**

### **Strategic Report for the Year Ended 31 December 2021**

The directors consider the needs and priorities of each stakeholder group as part of the decision making process, with the relevance of each stakeholder group varying depending on the matter in question, with this reflected in the governance processes in place. In ensuring that the directors of the Company (the "Board") discharge their responsibilities under section 172(1) of the Companies Act 2006 and consider the needs of all key stakeholder groups in its decision-making processes, the following activity is undertaken to consider relevant information and to directly engage with stakeholders:

- Core conduct and customer satisfaction metrics are reviewed to ensure that there is sufficient understanding of how the Company is addressing customer outcomes;
- Appropriate engagement with regulators is undertaken to ensure full awareness and understanding of any emerging requirements and responsibilities;
- Client feedback data on performance, process audits and customer delivery is issued to the directors and reviewed on an ongoing basis;
- Colleague engagement is facilitated through a number of mechanisms, including written communications, employee surveys, interactive web chat sessions, investment in a group-wide colleague engagement platform and team briefings to encourage open feedback;
- Continuous engagement between key suppliers and business owners is supported by an annual audit process overseen by procurement, which allows both for checking of compliance with governance and sustainability policies and for obtaining and reviewing supplier feedback; and
- Investor engagement is achieved through monthly reporting of financial performance, together with quarterly sessions to discuss wider business delivery, budgets and strategic plans.

Wider environmental consideration for the business are also considered, with the Company's energy usage and an outline of energy efficiency actions included in the directors' report on page 5.

Key decisions taken by the Company are defined as those that are considered to have a material impact on the long-term performance of the business and its interaction with key stakeholders. In this context the key decisions taken during 2021 were in respect of the response to the labour market challenges that emerged in the year, which were impacting on resource capacity across the business. The decision-making process involved working across operational and resource planning areas to ensure an appropriate prioritisation of demand management, whilst ensuring proactive engagement with our recruitment team and third party partners to ensure the development of a retention and recruitment plan that responded appropriately to the emerging challenges with full assessment of commercial considerations. This analysis resulted in the collation of a co-ordinated response that was presented to the directors for discussion to achieve sign-off to proceed.

Approved by the Board and signed on its behalf by:



**Jonathan Andrew Graham**

*Director*

26 September 2022

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Directors' Report for the Year Ended 31 December 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

**Directors' of the company**

The directors who held office during the year and up to the date of approval of the financial statements were as follows:

Lynn Wendy Cruickshanks (appointed 18 January 2021)

Jonathan Andrew Graham

Paul Jenkins (resigned 18 January 2021)

Thomas David Somerville (resigned 11 November 2021)

Leo Weston (appointed 11 November 2021)

The Company has arranged qualifying third party indemnity cover for all of its Directors.

**Dividends**

The directors do not recommend the payment of a dividend (2020: Nil).

**Employment of disabled persons**

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the Company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the Company.

**Employee involvement**

An annual employee survey is undertaken and feedback sessions are held to review the output, with actions then agreed to address any identified areas for improvement. Members of the management team also regularly visit the offices in Malton, Shrewsbury and Telford to discuss matters of current interest and concern to the business with members of staff.

**Stakeholder engagement**

The directors recognise the need to consider the needs of all key stakeholder groups in its decision making process. An overview of the key stakeholder groups identified by the Board and the actions taken to ensure appropriate engagement and consideration in the decision making process is included in the section 172 statement on page 3.

**Energy and carbon reporting**

The Company measures energy consumption and carbon emissions across the business with reference to the amount of electricity and gas purchased at the properties occupied, the level of usage of both company and employee vehicles and its generation of indirect emissions across a range of other areas. This methodology is in accordance with the requirements of the World Resources Institute Greenhouse Gas Protocol (revised version) "Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance" and ISO 14064 – part 1. Intensity of usage is then assessed by reference to the carbon emissions generated per fte employed, as given the service based nature of the activity undertaken by the Company this is considered to be the most appropriate indicator of carbon usage to track the impact of energy efficiency initiatives undertaken.

## **Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**

### **Directors' Report for the Year Ended 31 December 2021**

The Company's total energy usage in 2021 was 1,246,350 kWh (2020: 1,076,955 kWh), creating 286 tonnes of CO2 emissions applying a location-based methodology (2020: 253 tonnes of CO2 emissions). This reflected a 13% increase in emissions from 2020, as the Company returned to normal operations following the impact of the COVID-19 lockdown on activity across 2020. The Company has also included a broader range of Scope 3 indirect emissions in the reporting boundaries for 2021 to incorporate travel on public transport, water usage and paper usage to allow for a better assessment of initiatives to improve efficiency in these areas. These changes added 2 tonnes of CO2 emissions to the reported quantity for 2021. This increase in emissions, combined with lower employee numbers, resulted in a 34% year on year increase in carbon use intensity from 0.79 tCO2e per fte in 2020 (based on closing employee numbers) to 1.06 tCO2e per fte in 2021 (based on average employee numbers across the year).

Energy usage across properties has reduced from 2020 to 2021, with a reduction of 16% achieved as a result of investment in a rolling programme to upgrade lighting across the Company's sites with an energy efficient LED system. However, emissions from company and private vehicles increased by 33% across 2021 against the 2020 comparative, despite increased use of video conferencing and similar communication options following a change in behaviours following the COVID-19 pandemic, as a result of the return to full activity of the field teams. Actions are being targeted to reduce emissions from this area of activity.

Following inclusion of a broader range of Scope 3 indirect emissions in its reporting, the Company will focus on reducing emissions across these areas across 2022.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Auditor**

Pursuant to Section 485 of the Companies Act 2006 a resolution was passed by the members for the appointment of BDO LLP as auditors for the year ended 31 December 2022.

By order of the Board

  
**Jonathan Andrew Graham**  
Director

26 September 2022



## **Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- 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 such internal control as they determine necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Independent Auditor's Report to the Members of Orbit Credit Services Ltd**

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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.

We have audited the financial statements of Orbit Credit Services Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and 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 FRS 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

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.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

**Other information**

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

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Independent Auditor's Report to the Members of Orbit Credit Services Ltd**

**Other Companies Act 2006 reporting**

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.

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 in relation to which 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 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.

**Extent to which the audit was 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:

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Independent Auditor's Report to the Members of Orbit Credit Services Ltd**

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the accounting standards and the Financial Conduct Authority's regulations.
- We enquired of management to identify how the entity is complying with those legal and regulatory frameworks and whether there were any known instances of non-compliance, or any actual, suspected or alleged fraud. We corroborated our enquiries through review of board minutes.
- We assessed the risk of susceptibility of the entity's financial statements to material misstatement, including how fraud might occur and determined the principal risks related to revenue recognition.
- We considered the entity's control environment that has been established to prevent, detect and deter fraud.
- The journal entries were tested by selecting a sample of journal entries based on certain characteristics and verifying them to supporting documentation. We evaluated the business rationale of transactions that were unusual or outside the normal course of business in addressing the risk of fraud through management override of controls.
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

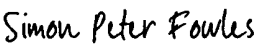
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://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.

DocuSigned by:  
  
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Simon Fowles (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London, UK

27 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Profit and Loss Account for the Year Ended 31 December 2021**

	Note	2021 £ 000	2020 £ 000
<b>Turnover</b>	3	<b>10,958</b>	<b>9,455</b>
Cost of sales		(7,671)	(7,369)
<b>Gross profit</b>		<b>3,287</b>	<b>2,086</b>
Administrative expenses		(2,914)	(2,909)
<b>Operating profit / (loss)</b>	4	<b>373</b>	<b>(823)</b>
Interest receivable and similar income	5	2	52
Interest payable and similar expenses	6	(34)	(29)
		(32)	23
<b>Profit / (loss) before tax</b>		<b>341</b>	<b>(800)</b>
Tax on profit / (loss)	10	80	124
<b>Profit / (loss) for the year</b>		<b>421</b>	<b>(676)</b>

There are no material differences between the profit / (loss) on ordinary activities before taxation and the profit / (loss) for the year stated above and their historical cost equivalents.

The above results were all derived from continuing operations.

The Company did not have any sources of comprehensive income in the year other than those included within the profit / (loss) for the financial year reported above (2020: None).

The notes on pages 14 to 28 form an integral part of these financial statements.

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**

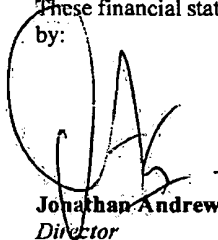
**Balance Sheet as at 31 December 2021**

(Registration number: 06476959)

	Note	31 December 2021 £ 000	31 December 2020 £ 000
<b>Fixed assets</b>			
Intangible assets	11	8	28
Tangible assets	12	675	874
Right of use assets	13	496	745
		<b>1,179</b>	<b>1,647</b>
<b>Current assets</b>			
Debtors	14	2,232	2,164
Deferred tax asset	10	117	38
Cash at bank and in hand		1,631	2,250
		<b>3,980</b>	<b>4,452</b>
<b>Creditors: Amounts falling due within one year</b>	15	<b>(1,857)</b>	<b>(3,061)</b>
<b>Net current assets</b>		<b>2,123</b>	<b>1,391</b>
<b>Total assets less current liabilities</b>		<b>3,302</b>	<b>3,038</b>
<b>Creditors: Amounts falling due after more than one year</b>	16	<b>(355)</b>	<b>(512)</b>
<b>Net assets</b>		<b>2,947</b>	<b>2,526</b>
<b>Capital and reserves</b>			
Called up share capital	20	-	-
Share premium account	21	1	1
Profit and loss account	21	2,946	2,525
<b>Shareholders' funds</b>		<b>2,947</b>	<b>2,526</b>

The notes on pages 14 to 28 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 26 September 2022 and signed on its behalf by:



**Jonathan Andrew Graham**  
Director

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Statement of Changes in Equity for the Year Ended 31 December 2021**

	<b>Share capital £ 000</b>	<b>Share Premium £'000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 1 January 2021	-	1	2,525	2,526
Profit for the year	-	-	421	421
Total comprehensive income	-	-	421	421
<b>At 31 December 2021</b>	<b>-</b>	<b>1</b>	<b>2,946</b>	<b>2,947</b>

	<b>Share capital £ 000</b>	<b>Share Premium £'000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 1 January 2020	-	1	3,201	3,202
Loss for the year	-	-	(676)	(676)
Total comprehensive income	-	-	(676)	(676)
<b>At 31 December 2020</b>	<b>-</b>	<b>1</b>	<b>2,525</b>	<b>2,526</b>

The notes on pages 14 to 28 form an integral part of these financial statements.

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**1 General information**

Orbit Debt Collections Ltd ("the Company") is a private company limited by share capital, incorporated and domiciled in the United Kingdom with its registered office located at 1 Kings Hill Avenue, Kings Hill, West Malling, England, ME19 4UA.

The principal activity of the Company is the collection of non-performing consumer and commercial debt in the United Kingdom for third party clients, primarily in the water sector.

**2 Accounting policies**

**2.1 Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.2 Basis of preparation and changes in accounting policies**

These financial statements were prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework (FRS 101)" under the historical cost convention.

The financial statements are presented in UK pounds sterling (£), which is the Company's functional currency, and have been presented under the historical cost convention other than for recognition of freehold land and buildings at the fair value identified from an independent, professional valuation undertaken by the Company.

**2.3 Summary of disclosure exemptions**

The Company has taken advantage of the following disclosure requirements under FRS 101:

- The requirements of IFRS 7 "Financial Instruments: Disclosures";
- The requirements of paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The requirements of paragraph 10(d), 10(f) and 134-136 of IAS 1 "Presentation of Financial Statements";
- The requirements of IAS 7 "Statement of Cash Flows"; and
- The requirements of paragraph 8(k) of FRS 101 not to disclose transactions with Group companies wherein any subsidiary undertaking which is party to the transaction are wholly owned by a member of the Group.

**2.4 Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 4, with the Company having adequate financial resources together with long term contracts with a number of clients and suppliers. As a consequence, the directors consider that the Company is well placed to manage its business risks despite uncertainty in the current economic outlook.



**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**2 Accounting policies (continued)**

**2.4 Going concern (continued)**

Specific consideration has been given to the ongoing impact of the COVID-19 pandemic, which commenced during 2020, and the subsequent impact of higher cost inflation particularly with regard to:

- Impact on income streams – although there was a short term impact on placements of accounts for both collections activity and field visits in the initial phase of the COVID-19 pandemic, as clients assessed their response to increased need to customer forbearance and the practical challenges of field activity during periods of lockdown, demand from clients for the services offered by the Company increased in 2021. Products that deliver income from commission on collections were protected by the furlough scheme and other job protection initiatives, but will be adversely affected by the impact on customers' financial circumstances of increases in costs and the resulting challenge to consumers' cost of living. However, the directors are confident that further mitigating strategies can be deployed to lessen the potential risk and client demand for field services is expected to increase in response to challenges arising for their customers as a result of the anticipated period of economic recession.
- Impact on productivity and costs – the need to ensure a safe working environment to address the challenges of COVID-19 initially restricted operational capacity, and whilst action has been taken to mitigate this through increased home working there have subsequently been further labour challenges arising from high employment to vacancy ratios in the market that has impacted retention and recruitment and increased labour costs. However, the Company is taking action to address these issues to ensure continuity of key service delivery for clients.
- Impact on cash flows – the profile of the client base does not indicate any concerns over the recovery of trade debtors and modelling has been undertaken to assess the impact on profits and cash generation of a number of scenarios of reduced income / higher costs; this indicates that the Company should retain sufficient cash generation to ensure that it can fulfil its obligations as they fall due. If necessary further funding support can also be provided from within the wider group of companies headed by Encore Capital Group Inc., with a letter of support received from that entity committing to provide such support if required across the next 12 months period.

Further to the above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and thus the going concern basis continues to be adopted in the preparation of the financial statements.

**2.5 Turnover**

**Recognition**

Turnover represents income derived from fees receivable from third parties for the collections of non-performing consumer and commercial debt, together with ancillary services. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**2 Accounting policies (continued)**

**2.5 Turnover (continued)**

***Fee arrangements***

Fees are chargeable based on a variety of mechanisms, including output based fees, commission charges, fees for resource provided and fixed fees. In most instances the performance obligations are directly linked to the triggers for billing, but on longer term fixed fee projects the stage of completion and delivery of performance obligations are measured at the balance sheet date by reference to resource provided as a proportion of an updated estimate of total resource required to completion.

***Transaction price***

The transaction price for all services, regardless of the charging mechanism, are the rates as specified in the relevant contract.

**2.6 Cost of sales**

Costs arising from activity that is directly related to the provision of the services underlying turnover are recognised in the profit and loss account in the period in which they are incurred, with these including both staff costs and external charges.

**2.7 Employee benefits**

***Defined contribution plans and other long term employee benefits***

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

The Company operates four defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds and the amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

***Termination benefits***

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

**2.8 Interest receivable and interest payable**

Interest receivable and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method.

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**2 Accounting policies (*continued*)**

**2.9 Taxation**

***Recognition***

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

***Current tax***

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. There is only offset of current tax assets and liabilities if certain criteria are met.

***Deferred tax***

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognised for all taxable timing differences and deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused losses. Such assets and liabilities are not recognised if they arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is not probable that taxable profit will be available against which the deductible timing differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

**2.10 Tangible and intangible fixed assets**

Property, plant and equipment and intangible assets are stated at cost, less any subsequent accumulated depreciation or amortisation and subsequent accumulated impairment losses. The capitalised costs of these assets include any directly attributable incremental costs incurred in their acquisition and installation.

Depreciation and amortisation are provided at rates calculated to write off the cost less estimated residual value on each asset on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	5 years
Office equipment	4 years
Fixtures & fittings	5 years
Computer equipment	3 years
Software and licenses	3 years

Goodwill arising on the acquisition of a business, representing any excess of the fair value of the consideration transferred, the amount of any non-controlling interests of the acquirer and the fair value of the acquirer's previously held investment over the fair value of the identifiable net assets acquired is initially recognised at cost. In subsequent years the goodwill is measured at cost less any accumulated impairment losses.

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**2 Accounting policies (*continued*)**

**2.10 Tangible and intangible fixed assets (*continued*)**

For the purposes of impairment assessment, goodwill is allocated to the relevant identifiable cash generating unit ("CGU") that should generate benefit from the acquired business. These CGUs are tested at least annually for impairment, or more frequently if an indication of impairment is identified, and if the recoverable value of the CGU is less than its carrying value then the resulting impairment charge is allocated first to reduce the carrying value of any allocated goodwill and then to the other assets associated with that CGU. Any impairment loss for goodwill is recognised directly in the profit and loss account and once recognised is not reversed in subsequent periods.

**2.11 Leases**

A lease is a contract, or a part of a contract, that conveys the right to use and control an asset or a physically distinct part of an asset for a period of time in exchange for consideration. In accordance with IFRS 16 "Leases", lessees recognise an asset for lease contracts that provide a right to use an asset together with a related lease liability. All leases are recognised on a right to use basis except for leases with a value of less than £5,000 and leases with a term of 12 months or less.

Right of use assets and liabilities are initially measured at the discounted value of the payments required under the non-cancellable lease term, including any optional periods where there is reasonable certainty that the option period will be adopted or the lease not cancelled and incorporating any initial direct costs, lease incentives and provision for contractual restoration costs if material. The discount rate applied is determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case an appropriate alternative rate is used.

Any non-lease components of the payment to the lessor will be excluded from the valuation of the right to use asset and related liability and charged to the profit and loss account across the period to which those services are received, other than for the motor vehicle class of assets against which an election has been taken not to separate out the lease and non-lease components of payments to the lessor.

Subsequent to initial recognition, lease liabilities increase as a result of the interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight line basis over the remaining term of the lease.

If the estimate of the term of any lease is revised the carrying amount of the lease liability is adjusted to reflect the payments to be made over the revised term, which are discounted using a revised discount rate determined with reference to the rate inherent in the revised lease term. An equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

**2.12 Financial instruments**

***Basic financial instruments***

Trade and other debtors are recognised initially at transaction price less attributable transaction costs.

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

***Other financial instruments***

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in the profit or loss account.

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**2 Accounting policies (continued)**

**2.13 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

**2.14 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this obligation value.

**2.15 Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**3 Turnover**

	2021 £ 000	2020 £ 000
Servicing fees and commission	10,954	9,455
Other income	4	-
	<u>10,958</u>	<u>9,455</u>

The Company's activities consist primarily of debt collection services, all undertaken within the United Kingdom.

**4 Operating profit / (loss)**

Operating profit / (loss) is stated after charging the following:

	2021 £ 000	2020 £ 000
Amortisation expense	22	37
Depreciation expense	341	265
Depreciation on right of use assets	249	180

**5 Interest receivable and similar income**

	2021 £ 000	2020 £ 000
Interest income from group undertaking	<u>2</u>	<u>52</u>

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**6 Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest expense on leases	<b>34</b>	<b>29</b>

**7 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Salaries and benefits in kind	<b>6,565</b>	<b>6,770</b>
Social security costs	<b>476</b>	<b>516</b>
Pension costs, defined contribution scheme	<b>129</b>	<b>138</b>
	<b>7,170</b>	<b>7,424</b>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Collections and services provision	<b>213</b>	<b>226</b>
Administration and support	<b>59</b>	<b>56</b>
	<b>272</b>	<b>282</b>

**8 Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Salaries and benefits in kind	<b>87</b>	<b>158</b>
Pension costs, defined contribution scheme	<b>7</b>	<b>13</b>
	<b>94</b>	<b>171</b>

Two directors had retirement benefits accruing under a money purchase scheme during the course of the year ended 31 December 2021 (2020: one director).

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**9 Auditors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Audit of the financial statements	<b>26</b>	<b>26</b>

**10 Income tax**

**Tax expense recognised in the profit and loss account, other comprehensive income and equity**

Tax charged / (credited) in the profit and loss account

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	-	(124)
UK corporation tax adjustment to prior periods	(1)	25
Total current taxation	(1)	(99)
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	(24)	(18)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(28)	(5)
Change in tax rate	(27)	(2)
Total deferred taxation	(79)	(25)
<b>Tax expense / (credit) in the profit and loss account</b>	<b>(80)</b>	<b>(124)</b>

The tax on profit / (loss) before tax for the year is the same as the standard rate of corporation tax in the UK (2020: the same as the standard rate of corporation tax in the UK) of 19% (2020: 19%).

Analysis of current tax recognised in the profit and loss account is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
UK corporation tax	-	(99)

The current corporation tax charge has been reduced by £100,183 (2020: credit reduced by £99,170) because of group relief received from a fellow subsidiary for which no payment will be made (2020: £99,170 will be received).

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**10 Income tax (continued)**

**Reconciliation of effective tax**

The differences are reconciled below:

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit / (loss) before tax	<b>340</b>	<b>(800)</b>
Corporation tax at standard rate of 19% (2020: 19%)	<b>65</b>	<b>(152)</b>
(Reduction)/increase in tax from adjustment for prior periods	<b>(1)</b>	<b>25</b>
Deferred tax credit from adjustment for prior periods	<b>(28)</b>	<b>(5)</b>
Non-deductible expenses and income	<b>11</b>	<b>9</b>
Change in tax rate	<b>(27)</b>	<b>(2)</b>
Group Tax Relief for nil consideration	<b>(100)</b>	<b>1</b>
Total tax credit	<b>(80)</b>	<b>(124)</b>

**Deferred tax**

Deferred tax assets are attributable to the following:

	<b>Assets</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Liabilities</b>	<b>Net Balance</b>	<b>Net Balance</b>
	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Accelerated tax depreciation	<b>110</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>110</b>	<b>31</b>
Provisions and other short term timing differences	<b>7</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>7</b>
Total assets	<b>117</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>117</b>	<b>38</b>

Deferred tax assets have been recognised in respect of all temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

The Finance Bill 2021 was substantively enacted on 24 May 2021, with this increasing the main UK corporation tax rate from 19% to 25% effective from 1 April 2023 for companies with profits in excess of £250,000.

Deferred taxation in respect of the timing differences which are expected to reverse on or after 1 April 2023 is therefore re-measured at 25% on 31 December 2021 (2020: 19%), dependent on the company's expected profit.



**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**10 Income tax (continued)**

**Deferred tax (continued)**

The deferred tax movement during the year comprises the following:

	At 1 January 2021 £ 000	Recognised in income £ 000	At 31 Dec 2021 £ 000
Accelerated tax depreciation	31	79	110
Provisions and other short term timing differences	7	-	7
<b>Net tax assets</b>	<b>38</b>	<b>79</b>	<b>11</b>

Deferred tax movement during the prior year comprises the following:

	At 1 January 2020 £ 000	Recognised in income £ 000	At 31 Dec 2020 £ 000
Accelerated tax depreciation	11	20	31
Provisions and other short term timing differences	2	5	7
<b>Net tax assets</b>	<b>13</b>	<b>25</b>	<b>38</b>

**11 Intangible fixed assets**

	Software & Licenses £ 000	Goodwill £ 000	Total £ 000
<b>Cost</b>			
At 1 January 2021	121	259	380
Additions	2	-	2
<b>At 31 December 2021</b>	<b>123</b>	<b>259</b>	<b>382</b>
<b>Amortisation</b>			
At 1 January 2021	93	259	352
Amortisation charge	22	-	22
<b>At 31 December 2021</b>	<b>115</b>	<b>259</b>	<b>374</b>
<b>Net Book Value</b>			
At 31 December 2021	8	-	8
At 31 December 2020	28	-	28

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**12 Tangible fixed assets**

	<b>Computers £ 000</b>	<b>Leasehold Improvements £'000</b>	<b>Furniture &amp; fixtures £ 000</b>	<b>Total £ 000</b>
<b>Cost or valuation</b>				
At 1 January 2021	854	466	329	1,649
Additions	84	-	58	142
<b>At 31 December 2021</b>	<b>938</b>	<b>466</b>	<b>387</b>	<b>1,791</b>
<b>Depreciation</b>				
At 1 January 2021	484	138	153	775
Charge for the year	186	94	61	341
<b>At 31 December 2021</b>	<b>670</b>	<b>232</b>	<b>214</b>	<b>1,116</b>
<b>Net book value</b>				
<b>At 31 December 2021</b>	<b>268</b>	<b>234</b>	<b>173</b>	<b>675</b>
At 31 December 2020	370	328	176	874

**13 Right of use assets**

	<b>Property £ 000</b>	<b>Other £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>			
At 1 January and 31 December 2021	1,198	17	1,215
<b>Depreciation</b>			
At 1 January 2021	463	7	470
Charge for the year	245	4	249
<b>At 31 December 2021</b>	<b>708</b>	<b>11</b>	<b>719</b>
<b>Net book value</b>			
<b>At 31 December 2021</b>	<b>490</b>	<b>6</b>	<b>496</b>
At 31 December 2020	735	10	745

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**14 Trade and other debtors**

	<b>31 December 2021 £ 000</b>	<b>31 December 2020 £ 000</b>
Trade debtors	1,744	1,705
Loans to related parties	125	210
Prepayments and accrued income	363	249
	<b>2,232</b>	<b>2,164</b>

The trade and other receivables classified as financial instruments are disclosed below. The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note (note 17).

Loans to related parties are unsecured, with an element bearing interest at 4% above LIBOR (2020: 4% above LIBOR) and the remainder non-interest bearing (2020: non-interest bearing). These balances either have short term repayment dates or have no fixed date of repayment and are considered to be repayable on demand. On this basis all amounts due from related parties have been included within amounts falling due within one year.

**15 Creditors: amounts falling due within one year**

	<b>31 December 2021 £ 000</b>	<b>31 December 2020 £ 000</b>
Collection monies outstanding	345	230
Trade creditors	206	504
Accrued expenses and deferred income	476	451
Amounts due to related parties	411	525
Social security and other taxes	252	1,095
Outstanding defined contribution pension costs	22	23
Lease liabilities	128	221
Other creditors	17	12
	<b>1,857</b>	<b>3,061</b>

Amounts due from related parties are unsecured and non-interest bearing (2020: non-interest bearing). These balances have no fixed date of repayment and are considered to be repayable on demand. On this basis all amounts due from related parties have been included within amounts falling due within one year.

The company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk review note (note 17).

**16 Creditors: amounts falling due outside one year**

	<b>31 December 2021 £ 000</b>	<b>31 December 2020 £ 000</b>
Lease liabilities	355	512

The company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk review note (note 17).

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**17 Financial risk management**

**Financial assets and liabilities**

	<b>31 December 2021 £ 000</b>	<b>31 December 2020 £ 000</b>
Financial assets measured at amortised cost	<b>3,499</b>	<b>4,165</b>
Financial liabilities measured at amortised cost	<b>1,419</b>	<b>1,977</b>

The Company's Board of Director has overall responsibility for the establishment and oversight of the Company's risk management framework and has established a Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company has no material exposure to market risk (including interest risk) credit risk or liquidity risk arising from financial instruments:

- Market risk is the risk that changes in market prices, including foreign exchange rates and interest rates, will affect the fair value of future cash flows of financial instruments. All financial instruments are denominated in sterling and the Directors consider that due to their short term nature the carrying values included in these financial statements are a reasonable approximation of their fair value.
- Interest risk is the risk that future cash flows of a financial instrument will fluctuate because of changing interest rates, but the Company's exposure to the risk of changes in market interest rates is limited as the only interest bearing instruments are held with other group companies with short term repayment dates, or repayable on demand.
- Credit risk is the risk that a customer or counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. However, the Company's clients are all large scale financial services or utility companies with strong balance sheets and the value of outstanding debtors outside 60 days at any point of time is minimal. This minimises any potential credit risk.
- Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due, due to insufficient cash. However, the company is ordinarily a profitable business (excluding the specific issues arising in respect of COVID-19 in 2020) with minimal working capital requirements, with support available if required from strongly funded group entities. Budgets and reforecasts include assessments of cash requirements and short term daily cash trackers are used across the year to monitor near term cash demands, to ensure any if there were any emerging short terms liquidity risks then these would be identified and addressed in a timely manner.

**18 Financial commitments**

The Company had no contractual commitments as at 31 December 2021 that were not provided in the financial statements (2020: £Nil).

**19 Pension and other schemes**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £128,604 (2020: £137,986).

Contributions from both the Company and members totalling £21,970 (2020: £23,436) were payable to the scheme at the end of the year and are included in creditors.

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**20 Share capital**

**Allotted, called up and fully paid shares**

	<b>31 December 2021</b>		<b>31 December 2020</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
Issued Share Capital of £1 each	200	200	200	200

**21 Reserves**

***Share premium account***

The share premium account includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

***Profit and loss account***

The profit and loss account includes all current and prior period retained profits and losses.

**22 Related party transactions**

The Company had no related party transactions with entities outside the group of wholly-owned companies headed by Encore Capital Group Inc. (2020: None) and has taken advantage of the exemption in paragraph 8(k) of FRS 101 not to disclose transactions with Group companies wherein any subsidiary undertaking which is party to the transactions is wholly owned by a member of that Group.

Directors' emoluments in respect of the Company are disclosed in note 8.

**23 Parent and ultimate parent undertaking**

The Company's immediate parent undertaking is Cabot Financial Debt Recovery Services Limited and the Company's ultimate parent undertaking is Encore Capital Group Inc., a company incorporated in Delaware, United States. Consolidated financial statements are prepared by Encore Capital Group Inc. and are available on their website, with this both the smallest and largest group that consolidates the results of the Company.

**24 Accounting estimates and judgements**

***Key sources of estimation uncertainty***

In determining the valuation of right of use assets and liabilities, the discount rate applied to payments required under the non-cancellable lease term is based on an appropriate weighted cost of capital provided by the treasury function of Encore Capital Group Inc. for the operations of the UK business. This is considered to be an appropriate alternative to the specific rates inherent in the underlying leases, as these are not readily determinable.

***Critical accounting judgements in applying the Company's accounting policies***

The Company retains a liability for unmatched monies received in the collection bank accounts within the overall value of collection monies outstanding (see note 15), with judgement applied on the basis of the age of the unmatched transactions outstanding and the observed historic profile of settlement payments.

**Orbit Credit Services Ltd (formerly Orbit Debt Collections Ltd)**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**25 Subsequent events**

The directors have not identified any matters arising after the balance sheet date that would require further adjustment to the reported financial results for the year ended 31 December 2021.