

Company registration number 07227157 (England and Wales)

UMI COMMERCIAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

UMI COMMERCIAL LIMITED

COMPANY INFORMATION

Directors	N Clark S J P Goon G M Hodgson A A MacColl S McCreedy K Oliver
Secretary	K Oliver
Company number	07227157
Registered office	Navigators Point Belmont Business Park Durham DH1 1TW
Auditor	Sumer Auditco Limited The Beehive, Beehive Ring Road London Gatwick Airport Gatwick United Kingdom RH6 0PA

UMI COMMERCIAL LIMITED

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UMI COMMERCIAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Principal activity and review of the business

UMi makes it easier for businesses to go further and we do that by taking the hard work out of finding and using the best information, expertise and finance. UMi Commercial provides support to individuals just starting out through to owner managers in the most established businesses, manages grant and loan funds, and delivers an on-demand service through its "Sat Nav" product.

Review of the business

The company results for the year ended 31 March 2023 reflect the continued investment in UMi's long term ambitions, including the purchase of new office premises, giving the company further stability. An ambitious renovation project began in the year which was designed to not only deliver a workplace where the team could thrive but included significant environmental features, clear evidence about UMi's desire to make a positive impact on the world around it.

The company loss for the financial year was £358,203 (2022 - £594,399) and is reflective of the fact that the business continues to adjust and react to the challenges of the volatility and uncertainty of the economic climate. The loss represented a positive outcome versus original plans and demonstrates UMi's ability to navigate challenging situations confidently and with a firm eye on the long term. That confidence is reflected in broader stakeholder commitment, contract renewals, the formation of new partnerships, and importantly the sentiment of the UMi team who are beneficiaries of the employee ownership trust which owns one hundred percent of the shares in parent company, UMi Holdings Ltd.

The annual revaluation of the defined benefit pension has seen the accumulated liability of £2.4m reduced to £nil at the reporting date. Post year end, the company has received confirmation that the scheme has been exited without any further contributions requiring to be incurred.

As a result of business activity in the year, net assets have increased to £6,722,106 (2022 - £5,390,782) and cash at the reporting date stood at £3,098,821 (2022 - £4,710,140).

UMi achieved B Corp Certified status in the year. The achievement provides external endorsement to the commitment that is clearly reflected in their strategic objectives which is to be a business that places equal importance on people, planet and profit. In addition to B Corp, UMi confidently renewed other key assurance certificates such as ISO 9001, 14001 and Cyber Essentials Plus.

Our full B Corp Impact Report can be found on our website at www.weareumi.co.uk.

Principal risks and uncertainties

UMi's focus on the long term, breadth of services and passionate team, continues to provide confidence in its ability to manage the ongoing risks associated with global, local political and economic uncertainties. In addition, a significant challenge remains in predicting how business owners and leaders will want to access information and advice going forward. To address this, UMi has taken an assertive approach and invested in a service channel model which has the agility for individual channels to be both functionally enhanced and scaled up or down depending on demand. Furthermore, UMi's quality and compliance function coupled with the business' insight function create a highly effective approach to identifying and managing risks from those that may affect the business globally through to those at an individual service channel level.

Key performance indicators

UMi measures success based on the following three strategic indicators:

- Being a workplace where talent thrives – as evidenced by 98% of UMi's own team rating it as a great place to work.
- Long term financial health and stability. Key indicators being overall net assets in the year and ability to generate cash, which remain strong as outlined above.
- The difference we make in the world around us via the services we provide but also operating with responsible business ethics – as demonstrated in our B Corp certification, investment in property and creating an impact in local communities by creating a fund of over £115,000 and investing £17,500 in the year ending March 2023.

UMI COMMERCIAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Future developments

In accordance with the business plan, there has been significant re-investment during the year of the company's own cash to enhance existing services, partnerships, improve workplace experiences, and drive even greater diversity and long term profitability.

During the year the leadership team has created a route map for the next 5 years which states that by 2028 via our own services and partnerships we will have transformed how easy it is for over 1 million businesses to use the best advice, training and finance so they can progress further.

On behalf of the board

N Clark
Director

14 November 2023

UMI COMMERCIAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

During the year the Employee Ownership Fund Directors requested that the UMi Holdings Limited Board make a distribution to fixed beneficiaries of the trust which utilised the bulk of the fund. The accrued payment of £57,723 (2022 - £511,260) was made and the payment is shown as a deduction from reserves under the heading 'Payment to Employee Ownership Trust'. See note 16 for further information.

Directors

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

N Clark
S J P Goon
G M Hodgson
A A MacColl
S McCreedy
K Oliver

Auditor

Sumer Audico Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and future developments.

UMI COMMERCIAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The company has considerable financial resources and, as a consequence, the directors believe that the company is well placed to manage its business risks successfully and continue in existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements.

As highlighted in the strategic report, the directors are aware of the risks and feel they are managed well, and are confident that the associated risks will continue to be mitigated by the balance of revenue streams in the UMi Group's portfolio.

Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

N Clark
Director

14 November 2023

UMI COMMERCIAL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UMI COMMERCIAL LIMITED

Opinion

We have audited the financial statements of UMi Commercial Limited (the 'company') for the year ended 31 March 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 31 March 2023 and of its loss 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

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.

UMI COMMERCIAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF UMI COMMERCIAL LIMITED

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 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 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, 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Capability of the audit in detecting irregularities, including fraud

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of legal costs incurred; review of board minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

UMI COMMERCIAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF UMI COMMERCIAL LIMITED

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.

Maxine Pott
Senior Statutory Auditor
For and on behalf of Sumer Auditco Limited
Statutory Auditor
The Beehive, Beehive Ring Road
London Gatwick Airport
Gatwick
United Kingdom
RH6 0PA

14 November 2023

UMI COMMERCIAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	4,795,117	5,146,737
Cost of sales		(357,883)	(525,475)
Gross profit		4,437,234	4,621,262
Administrative expenses		(5,025,352)	(5,146,237)
Operating loss	4	(588,118)	(524,975)
Interest receivable and similar income		28,035	1,399
Interest payable and similar expenses	7	(63,000)	(77,000)
Loss before taxation		(623,083)	(600,576)
Tax on loss	8	264,880	6,177
Loss for the financial year		(358,203)	(594,399)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

UMI COMMERCIAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Loss for the year		(358,203)	(594,399)
Other comprehensive income			
Actuarial gain on defined benefit pension schemes	14	2,336,000	1,430,000
Tax relating to other comprehensive income	13	(588,750)	(131,350)
Other comprehensive income for the year		1,747,250	1,298,650
Total comprehensive income for the year		1,389,047	704,251

UMI COMMERCIAL LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		1,484,677		111,363
Current assets					
Debtors	11	3,902,576		4,441,232	
Cash at bank and in hand		3,098,821		4,710,140	
		<u>7,001,397</u>		<u>9,151,372</u>	
Creditors: amounts falling due within one year	12	<u>(1,763,968)</u>		<u>(1,516,953)</u>	
Net current assets			5,237,429		7,634,419
Total assets less current liabilities			<u>6,722,106</u>		<u>7,745,782</u>
Net assets excluding pension liability			6,722,106		7,745,782
Defined benefit pension liability	14		-		(2,355,000)
Net assets			<u><u>6,722,106</u></u>		<u><u>5,390,782</u></u>
Capital and reserves					
Called up share capital	15		1		1
Profit and loss reserves	16		6,722,105		5,390,781
Total equity			<u><u>6,722,106</u></u>		<u><u>5,390,782</u></u>

The financial statements were approved by the board of directors and authorised for issue on 14 November 2023 and are signed on its behalf by:

N Clark
Director

Company registration number 07227157 (England and Wales)

UMI COMMERCIAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 April 2021		1	5,197,790	5,197,791
Year ended 31 March 2022:				
Loss		-	(594,399)	(594,399)
Other comprehensive income:				
Actuarial gains on defined benefit plans		-	1,430,000	1,430,000
Tax relating to other comprehensive income		-	(131,350)	(131,350)
Total comprehensive income		-	704,251	704,251
Payment to Employee Ownership Trust	16	-	(511,260)	(511,260)
Balance at 31 March 2022		1	5,390,781	5,390,782
Year ended 31 March 2023:				
Loss		-	(358,203)	(358,203)
Other comprehensive income:				
Actuarial gains on defined benefit plans		-	2,336,000	2,336,000
Tax relating to other comprehensive income		-	(588,750)	(588,750)
Total comprehensive income		-	1,389,047	1,389,047
Payment to Employee Ownership Trust	16	-	(57,723)	(57,723)
Balance at 31 March 2023		1	6,722,105	6,722,106

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

UMi Commercial Limited is a private company limited by shares incorporated in England and Wales. The registered office is Navigators Point, Belmont Business Park, Durham, DH1 1TW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments': Interest income/expense and net gains/losses for financial instruments not measured at fair value;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of UMi Holdings Limited. These consolidated financial statements are available from its registered office, Navigators Point, Belmont Business Park, Durham, England, DH1 1TW.

1.2 Going concern

The company has considerable financial resources and, as a consequence, the directors believe that the company is well placed to manage its business risks successfully and continue in existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements.

As highlighted in the strategic report, the directors are aware of the risks and feel they are managed well, and are confident that the associated risks will continue to be mitigated by the balance of revenue streams in the UMi Group's portfolio.

1.3 Turnover

Revenue arises from services provided, including grant finance management and promotion of public events. Revenue is measured at the fair value of the consideration received or receivable and represents amounts for the sales of services in the normal course of business, net of discounts and other sales-related taxes.

Revenue relating to the management of grant funding is recognised in line with the costs incurred over the period of the contract.

For events and campaigns run by the business, revenue is recognised in the month that the event is held.

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Development costs	2 - 3 years straight line
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1.5 Tangible fixed assets

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

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

Freehold land and buildings	No depreciation charged
Leasehold improvements	5 years straight line
Fixtures and fittings	5 years straight line
Computers	3 years straight line

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

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.7 Financial instruments

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

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

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

Basic financial assets

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

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

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

1.9 Taxation

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

Current tax

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

Deferred tax

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

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

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.10 Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received, if considered material to the financial statements.

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

1.11 Retirement benefits

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

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.12 Leases

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

1.13 Other distributions

It is the policy of the company that payments made to the fixed beneficiaries of the EOT are treated as equity payments via other distributions. These other distributions are recognised once they are no longer at the discretion of the company.

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment in assets, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Defined benefit pension scheme

The Company has an obligation to pay 'final salary' pension benefits to certain employees and former employees. The cost of these benefits and the present value of the obligation depend on a number of factors including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management, supported by an independent actuary, estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historic experience and current trends. The value of net pension benefit assets are limited to the amount considered recoverable.

See note 14 for details of the assumptions applied by management. The assumptions with the greatest sensitivity are an adjustment to the discount rate, a change in the pension increase rate, and a change to the mortality assumption.

The defined benefit pension liability recognised at the reporting date was £nil (2022 - £2,355,000).

Determining residual values and useful economic lives of tangible fixed assets

The company depreciates tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management.

Judgement is applied by management when determining the residual values of tangible fixed assets. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

The carrying amount of tangible fixed assets at the reporting date was £1,484,677 (2022 - £111,363).

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2023**

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Provision of services	4,795,117	5,146,737
	<u> </u>	<u> </u>
	2023	2022
	£	£
Other revenue		
Interest income	28,035	1,399
	<u> </u>	<u> </u>

Turnover wholly arose within the United Kingdom.

4 Operating loss

	2023	2022
	£	£
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	16,000	18,750
Depreciation of owned tangible fixed assets	39,393	17,572
Loss on disposal of tangible fixed assets	1,489	-
Operating lease charges	115,500	111,382
	<u> </u>	<u> </u>

5 Employees

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

	2023	2022
	Number	Number
Direct and indirect employees	120	134
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	3,390,313	3,855,397
Social security costs	336,160	192,760
Pension costs	363,823	376,072
	<u> </u>	<u> </u>
	4,090,296	4,424,229
	<u> </u>	<u> </u>

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	552,160	498,400
Company pension contributions to defined contribution schemes	27,370	22,650
	<u>579,530</u>	<u>521,050</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2022 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	125,363	139,047
Company pension contributions to defined contribution schemes	15,000	2,550
	<u>140,363</u>	<u>141,597</u>

7 Interest payable and similar expenses

	2023 £	2022 £
Other interest	63,000	77,000
	<u>63,000</u>	<u>77,000</u>

8 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	(264,880)	(6,177)
	<u>(264,880)</u>	<u>(6,177)</u>

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

8 Taxation

(Continued)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Loss before taxation	(623,083)	(600,576)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(118,386)	(114,109)
Tax effect of expenses that are not deductible in determining taxable profit	18,186	23,600
Tax effect of income not taxable in determining taxable profit	(1,348)	-
Unutilised tax losses carried forward	101,548	204,404
Adjustments in respect of prior years	-	(6,177)
Group relief	-	58,256
Permanent capital allowances in excess of depreciation	-	(20,663)
Research and development tax credit	(264,880)	-
Other non-reversing timing differences	-	(97,139)
Short term timing differences	-	(54,349)
Taxation credit for the year	(264,880)	(6,177)

In addition to the amount credited to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2023 £	2022 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	588,750	131,350

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2023**

9 Intangible fixed assets

	Development costs £
Cost	
At 1 April 2022	477,880
Disposals	(477,880)
	<u>-</u>
At 31 March 2023	<u>-</u>
Amortisation and impairment	
At 1 April 2022	477,880
Disposals	(477,880)
	<u>-</u>
At 31 March 2023	<u>-</u>
Carrying amount	
At 31 March 2023	<u>-</u>
	<u>-</u>
At 31 March 2022	<u>-</u>

10 Tangible fixed assets

	Freehold land and buildings £	Leasehold improvements £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost						
At 1 April 2022	-	3,975	27,410	186,418	30,301	248,104
Additions	1,420,500	-	1,476	22,700	-	1,444,676
Disposals	-	-	-	(6,271)	-	(6,271)
Transfers	-	-	-	-	(30,301)	(30,301)
	<u>1,420,500</u>	<u>3,975</u>	<u>28,886</u>	<u>202,847</u>	<u>-</u>	<u>1,656,208</u>
At 31 March 2023	<u>1,420,500</u>	<u>3,975</u>	<u>28,886</u>	<u>202,847</u>	<u>-</u>	<u>1,656,208</u>
Depreciation and impairment						
At 1 April 2022	-	795	27,410	108,536	-	136,741
Depreciation charged in the year	-	795	41	38,557	-	39,393
Eliminated in respect of disposals	-	-	-	(4,603)	-	(4,603)
	<u>-</u>	<u>1,590</u>	<u>27,451</u>	<u>142,490</u>	<u>-</u>	<u>171,531</u>
At 31 March 2023	<u>-</u>	<u>1,590</u>	<u>27,451</u>	<u>142,490</u>	<u>-</u>	<u>171,531</u>
Carrying amount						
At 31 March 2023	<u>1,420,500</u>	<u>2,385</u>	<u>1,435</u>	<u>60,357</u>	<u>-</u>	<u>1,484,677</u>
	<u>-</u>	<u>3,180</u>	<u>-</u>	<u>77,882</u>	<u>30,301</u>	<u>111,363</u>
At 31 March 2022	<u>-</u>	<u>3,180</u>	<u>-</u>	<u>77,882</u>	<u>30,301</u>	<u>111,363</u>

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2023**

11 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	119,114	203,789
Amounts owed by group undertakings	2,622,631	2,619,886
Other debtors	226,509	197,462
Prepayments and accrued income	934,322	831,345
	<u>3,902,576</u>	<u>3,852,482</u>
Deferred tax asset (note 13)	-	588,750
	<u><u>3,902,576</u></u>	<u><u>4,441,232</u></u>

12 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	83,017	134,219
Amounts owed to group undertakings	840,087	474,146
Taxation and social security	255,224	259,116
Other creditors	62,955	96,966
Accruals and deferred income	522,685	552,506
	<u>1,763,968</u>	<u>1,516,953</u>

13 Deferred taxation

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

	Assets	Assets
	2023	2022
	£	£
Balances:		
Defined benefit pension liability	-	588,750
	<u>-</u>	<u>588,750</u>
Movements in the year:		2023
		£
Asset at 1 April 2022		(588,750)
Charge to other comprehensive income		588,750
		<u>-</u>
Liability at 31 March 2023		<u><u>-</u></u>

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2023**

14 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	342,823	358,072

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £58,090 (2022 - £36,867) were payable to the fund at the balance sheet date and are included in creditors.

Defined benefit schemes

Certain employees of the Company participate in the Teeside Pension Fund, a multi-employer defined benefit scheme. The participating employers have agreed a basis for allocating the costs and actuarial risks associated with the scheme, and these financial statements account the company's share of the scheme as a defined benefit scheme in accordance with that allocation basis.

The plan is administered by an independent trustee, who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The participating employers have agreed a funding plan with the trustee, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salaries. Additional contributions are agreed with the trustees to reduce the funding deficit where necessary.

A comprehensive actuarial valuation of the scheme, using the projected unit credit method, was carried out at 31 March 2023 by PensionsWatch Limited, independent consulting actuaries. All PensionsWatch signatory actuaries are Fellows of the Institute and Faculty of Actuaries. Adjustments to update the valuation to the balance sheet have been made based on the assumptions set out below.

	2023	2022
	%	%
<i>Key assumptions</i>		
Discount rate	4.75	2.7
Expected rate of increase of pensions in payment	2.8	3.3
Expected rate of salary increases	2.8	3.3
Inflation assumption	2.8	3.3
	<u> </u>	<u> </u>
<i>Mortality assumptions</i>	2023	2022
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	20.6	22.0
- Females	23.6	23.7
	<u> </u>	<u> </u>
Retiring in 20 years		
- Males	21.2	23.4
- Females	24.9	25.5
	<u> </u>	<u> </u>

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2023**

14 Retirement benefit schemes (Continued)

	2023	2022
	£	£
<i>Amounts recognised in the profit and loss account</i>		
Current service cost	21,000	18,000
Net interest on net defined benefit liability/(asset)	63,000	77,000
Total costs	<u>84,000</u>	<u>95,000</u>
	2023	2022
	£	£
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(55,000)	(1,298,000)
Less: calculated interest element	301,000	202,000
Return on scheme assets excluding interest income	246,000	(1,096,000)
Actuarial changes related to obligations	(2,582,000)	(334,000)
Total costs/(income)	<u>(2,336,000)</u>	<u>(1,430,000)</u>

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2023	2022
	£	£
Present value of defined benefit obligations	10,879,000	13,401,000
Fair value of plan assets	(10,879,000)	(11,046,000)
Deficit in scheme	<u>-</u>	<u>2,355,000</u>

As per accounting policy, the value of net pension benefit asset has been limited to the amount considered recoverable, being £nil, at reporting date.

	2023
	£
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 April 2022	13,401,000
Current service cost	21,000
Benefits paid	(328,000)
Contributions from scheme members	3,000
Actuarial gains and losses	(2,582,000)
Interest cost	364,000
At 31 March 2023	<u>10,879,000</u>

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

14 Retirement benefit schemes (Continued)

	2023 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 April 2022	11,046,000
Interest income	301,000
Return on plan assets (excluding amounts included in net interest)	(246,000)
Benefits paid	(328,000)
Contributions by the employer	103,000
Contributions by scheme members	3,000
At 31 March 2023	10,879,000

The actual return on plan assets was £55,000 (2022 - £1,298,000).

	2023 £	2022 £
<i>Fair value of plan assets at the reporting period end</i>		
Equity instruments	7,615,300	7,511,280
Property	2,502,170	1,767,360
Bonds, cash and other	761,530	1,767,360
	10,879,000	11,046,000

The Company expects to contribute £26,500 (2023 - £103,000) to its Defined Benefit Pension Scheme in 2024.

Post year end, the Company ceased to be an employer in the Pension Fund on 30 June 2023. A Cessation Valuation was obtained from an independent actuary and this confirmed that no further scheme contributions were required.

15 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	1	1	1	1

16 Profit and loss reserves

Following a purchase of own shares on 22 December 2016, the parent company, UMi Holdings Limited, is owned by the UMi Employee Ownership Trust ("EOT") as represented by its corporate trustee, UMi Employee Ownership Trustee Co Limited and is an employee owned company.

During the year the company approved a payment, in line with policy, to the fixed beneficiaries of the EOT totalling £57,723 (2022 - £511,260) and the payments are shown as a deduction from reserves under the heading 'Payment to Employee Ownership Trust'.

UMi Holdings Limited does not control the EOT and so it is not included within the consolidated accounts.

UMI COMMERCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

17 Operating lease commitments

Lessee

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

	2023 £	2022 £
Within one year	86,040	82,290
Between two and five years	23,060	109,187
	<u>109,100</u>	<u>191,477</u>

18 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchases 2023 £	Purchases 2022 £
Other related parties	-	7,300
	<u>-</u>	<u>7,300</u>

19 Ultimate controlling party

The company's ultimate parent undertaking is UMi Holdings Limited, a company incorporated in England & Wales and its registered office is Navigators Point, Belmont Business Park, Durham, England, DH1 1TW. The directors do not consider there to be an overall controlling party.

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