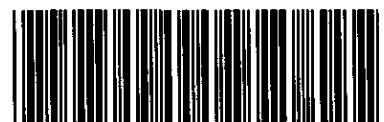


**Close Brothers Technology Services Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 July 2023**

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## **Close Brothers Technology Services Limited**

### **Company information**

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#### **Profile**

Close Brothers Technology Services Limited (the "Company") is a member of Close Brothers Group plc ("CBG"), a specialist financial services group which provides loans, trades securities and investment management services. Its immediate parent is Close Brothers Limited ("CBL").

The Company provides a range of financial services to support businesses in their investment and management of technology. These products support the acquisition of technology assets and support services, and their in-life management and end-of-life redeployment or disposal.

The Company is no longer accepting new business. When existing contracts have terminated and there is no further trading activity the directors plan to wind up the Company's by way of a member's voluntary liquidation.

#### **Directors**

R J Carver  
M Sooknah

#### **Registered Office**

10 Crown Place  
London EC2A 4FT  
United Kingdom

#### **Registration Number**

09758793

## **Close Brothers Technology Services Limited**

### **Directors' report**

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

#### **GENERAL INFORMATION**

Close Brothers Technology Services Limited ("the Company") is a subsidiary of Close Brothers Group plc and operates as part of the Commercial division. The Company is incorporated and domiciled in the United Kingdom and registered in England and Wales. The Company has taken the exemption under the small companies' regime to not prepare a strategic report.

For the year ending 31 July 2023, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the accounts.

#### **DIRECTORS**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

R J Carver  
N G Davies (resigned 31 July 2023)  
M Sooknah (appointed 31 July 2023)

#### **DIVIDENDS**

No interim or final dividends were declared or paid during the year ended 31 July 2023 (2022: nil).

#### **FUTURE DEVELOPMENTS**

The Company is not accepting any new business but will continue to manage and support existing customers to the end of their contractual agreements.

#### **RESEARCH AND DEVELOPMENT**

The Company did not conduct any research and development activities during the year.

#### **POST BALANCE SHEET EVENTS**

There are no events after the balance sheet date requiring disclosure.

#### **EXISTENCE OF BRANCHES OUTSIDE THE UK**

The Company had no branches in existence outside the United Kingdom.

#### **REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES**

The Company's principal activity is the provision of instalment credit to business customers.

The results for the year ended 31 July 2023 are set out in the income statement on page 6. The financial position of the Company at 31 July 2023 is set out on page 8. The profit for the financial year after tax amounted to £30,997 (2022: £238,213).

#### **GOING CONCERN**

The Company is no longer accepting new business; however, it is the directors' intention that the Company should be able to manage and support its existing customers to the end of their agreements.

Specifically, as the Company has a net liability position, CBL has committed to providing financial support to meet its liabilities as they fall due. Additionally, it will continue to provide funding and not seek repayment of amounts advanced to the Company by CBL.

When existing contracts have terminated and there is no further trading activity the directors plan to wind up the Company by way of a member's voluntary liquidation.

As such the directors have made the decision to prepare the financial statements on a basis other than going concern. No material adjustments have arisen as a result of ceasing to apply the going concern basis.

## FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to numerous financial risks including interest rate risk, credit risk and liquidity risk. The Company is subject to the risk management processes of Close Brothers Group Plc. Details of the principal risks and uncertainties relating to the Company's immediate and ultimate parent can be found in Close Brothers Group Plc's Annual Report 2023.

### Credit risk

Credit risk is one of the principal risks the Company faces and is the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion. The Company's credit risk is primarily attributable to its trade debtor receivables.

Credit risk at inception of new lending is controlled by senior managers operating within a framework of delegated underwriting authorities. In addition, arrears and other default-related information are monitored and discussed regularly by directors and other senior managers and mitigating actions are taken in a timely manner where appropriate.

Expected credit losses ("ECL") are recognised for loans and advances to customers and banks, other financial assets held at amortised cost and financial assets measured at fair value through other comprehensive income. The impairment charge in the income statement includes the change in expected credit losses. The amounts presented in the balance sheet are net of provision.

### Interest rate risk

The Company lends to customers at fixed rates. The price charged on fixed rate lending is dependent on the cost of funds the Company faces in funding these loans at the point of inception. The Company hedges the majority of its interest rate risk by borrowing and lending over similar terms. Accordingly, the company faces limited interest rate risk.

### Liquidity risk

Liquidity risk is the risk that liabilities cannot be met when they fall due or can only be met at an uneconomic price. The Company maintains a prudent liquidity position at all times, and measures liquidity risk with a variety of measures including regular stress testing and cash flow monitoring and reporting to both the Company and divisional boards. The Company's principal financial assets are bank balances and cash and cash equivalents, trade and other receivables and finance lease receivables.

## CLIMATE CHANGE

On behalf of Close Brothers Group plc, the Board and Board Risk Committee review and approve the Group's approach to managing the financial risks and opportunities associated with climate change. The Company adopts the Group approach with adaptation as determined by local requirements. The Group's Initial Task Force on Climate-Related Financial Disclosures ("TCFD") Report is published as part of the Close Brothers Group plc 2023 Annual Report within the Sustainability Report.

Approved by the Board and signed on its behalf by:



R J Carver  
Director

9 February 2024

## **Close Brothers Technology Services Limited**

### **Statement of directors' responsibilities in respect of the financial statements**

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

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

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Approved by the Board and signed on its behalf by:



R J Carver  
Director

9 February 2024

Close Brothers Technology Services Limited

Income statement and statement of comprehensive income  
for the year ended 31 July 2023

		2023	2022
		£	£
	Note		
Operating lease income		215,622	877,956
Operating lease depreciation and impairment		(147,213)	(565,326)
<b>Net operating lease income</b>		<b>68,409</b>	<b>312,630</b>
Interest income	6	18,493	81,956
Interest expense	6	(8,652)	(11,874)
<b>Net Interest Income</b>		<b>9,841</b>	<b>70,082</b>
Fee and commission income	7	77,201	5,195
Fee and commission expense	7	(289)	(645)
Other income	7	561	7,870
<b>Non-Interest Income</b>		<b>77,473</b>	<b>12,420</b>
<b>Operating Income</b>		<b>155,723</b>	<b>395,133</b>
Administrative expenses	8	(42,347)	(123,867)
Impairment (losses)/gains on loans and advances	11c	(72,873)	23,771
<b>Total operating expenses</b>		<b>(115,220)</b>	<b>(100,096)</b>
<b>Profit on ordinary activities before tax</b>		<b>40,503</b>	<b>295,036</b>
Tax	12	(9,506)	(56,823)
<b>Profit for the financial year from continuing activities</b>		<b>30,997</b>	<b>238,213</b>
		2023	2022
		£	£
<b>Statement of comprehensive income</b>			
<b>Profit for the financial year</b>		<b>30,997</b>	<b>238,213</b>
<b>Total comprehensive income for the year</b>		<b>30,997</b>	<b>238,213</b>

The above statement should be read in conjunction with the accompanying notes.

**Close Brothers Technology Services Limited**

**Statement of financial position  
As at 31 July 2023**

		2023	2022
		£	£
	Note		
<b>Fixed assets</b>			
Tangible assets	13	-	208,399
<b>Total fixed assets</b>		-	<b>208,399</b>
<b>Current assets</b>			
Cash and cash equivalents		9,960	8,199
Debtors – amounts falling due within one year	11	6,273	454,004
Debtors – amounts falling due after one year	11	-	8,446
Deferred tax due after one year	12	27,434	33,503
Assets classified as held for sale	14	35,723	107,282
<b>Total current assets</b>		<b>79,390</b>	<b>611,434</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(1,085,931)</b>	<b>(1,857,371)</b>
<b>Net current liability</b>		<b>(1,006,541)</b>	<b>(1,245,937)</b>
<b>Total assets less current liabilities</b>		<b>(1,006,541)</b>	<b>(1,037,538)</b>
<b>Net liabilities</b>		<b>(1,006,541)</b>	<b>(1,037,538)</b>
<b>Capital and reserves</b>			
Called up share capital	16	1,000,000	1,000,000
Preference share capital		5,125,000	5,125,000
Accumulated losses		(7,131,541)	(7,162,538)
<b>Total shareholders' deficit</b>		<b>(1,006,541)</b>	<b>(1,037,538)</b>

The above statement should be read in conjunction with the accompanying notes.

For the year ending 31 July 2023, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the accounts.

The financial statements on pages 6 to 23 were approved by the Board of Directors on 9 February 2024 and signed on its behalf by:



R J Carver  
Director

9 February 2024



Close Brothers Technology Services Limited

Statement of changes in equity  
for the year ended 31 July 2023

		Called-up share capital £	Preference share capital £	Accumulated losses £	Total shareholders' deficit £
Balance	Note				
At 1 August 2021		1,000,000	5,125,000	(7,400,454)	(1,275,454)
Profit for the financial year		-	-	238,213	238,213
Total comprehensive income for the year		-	-	238,213	238,213
Income tax		-	-	(297)	(297)
Balance at 31 July 2022		1,000,000	5,125,000	(7,162,538)	(1,037,538)
Profit for the financial year		-	-	30,997	30,997
Total comprehensive income for the year		-	-	30,997	30,997
Income tax		-	-	-	-
Balance at 31 July 2023		1,000,000	5,125,000	(7,131,541)	(1,006,541)

**Notes to the financial statements  
for the year ended 31 July 2023**

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**1. General Information**

Close Brothers Technology Services Limited is a private limited company limited by shares in the United Kingdom under the UK Company law. It is domiciled in the UK and registered in England and Wales. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Company information on page 2.

**2. Significant accounting policies**

The accounting policies applied this financial year are set out in this note and consistent with those of the previous financial year.

**a) Basis of accounting**

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. The Financial Statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'. The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of comparative information in respect of certain assets, presentation of a cash flow statement (IAS 7), standards not yet effective (IAS 8), impairment of assets (IAS 36) and related party transactions (IAS 24).

Where required, equivalent disclosures are given in CBG financial statements. These are available to the public and can be obtained as set out in note 21.

**b) Going concern**

The Company is no longer accepting new business, however, it is the directors' intention that the Company should be able to manage and support its existing customers to the end of their agreements.

Specifically, as the Company has a net liability position, CBL has committed to providing financial support to meet its liabilities as they fall due. Additionally, it will continue to provide funding and not seek repayment of amounts advanced to the Company by CBL.

When existing contracts have terminated and there is no further trading activity the directors plan to wind up the Company's by way of a member's voluntary liquidation.

As such the directors have made the decision to prepare the financial statements on a basis other than going concern. No material adjustments have arisen as a result of ceasing to apply the going concern basis.

**c) Revenue recognition**

**Operating lease income**

Operating lease income on assets held under operating leases is recognised in the income statement over the lease term on a straight line basis.

**Interest income**

Interest on loans and advances made by the Company, and fee income and expense and other direct costs relating to loan origination, restructuring or commitments are recognised in the income statement using the effective interest rate method.

The effective interest rate method applies a rate that discounts estimated future cash payments or receipts relating to a financial instrument to its net carrying amount. The cash flows take into account all contractual terms of the financial instrument, including transaction costs and all other premiums or discounts, but not future credit losses.

**Fees and commissions**

Where fees that have not been included within the effective interest rate method are earned on the execution of a significant act, such as fees arising from negotiating or arranging a transaction for a third party, they are recognised as revenue when that act has been completed. Fees and corresponding expenses in respect of other services are recognised in the income statement as the right to consideration or payment accrues through performance of services. This includes settlement fees which are gains on disposal of repossessed assets and fees charged on early settlement. To the extent that fees and commissions are recognised in advance of billing they are included as accrued income or expense.

**d) Financial assets and liabilities (excluding derivatives)**

**Classification and measurement**

Per IFRS 9, financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Initial recognition is at fair value plus directly attributable transaction costs. Interest income is accounted for using the effective interest rate method.

The Company classifies its financial assets into amortised cost measurement category. Financial liabilities are classified as amortised cost using the effective interest rate method.

Management determines the classification of its financial assets and liabilities at initial recognition.

**Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred the assets continue to be recognised to the extent of the Company's continuing involvement. Financial liabilities are derecognised when they are extinguished.

**Modifications**

The terms or cash flows of a financial asset or liability may be modified due to renegotiation or otherwise. If the terms or cash flows are substantially different to the original, then the financial asset or liability is derecognised and a new financial asset or liability is recognised at fair value. If the terms or cash flows are not substantially different to the original, then the financial asset carrying value is adjusted to reflect the present value of modified cash flows discounted at the original EIR. The adjustment is recognised within interest income on the income statement.

## 2. Significant accounting policies (continued)

### e) Impairment of financial assets

#### Expected credit losses

Per IFRS 9, expected credit losses ("ECL") are recognised for loans and advances to customers and banks, other financial assets held at amortised cost including trade debtors and financial assets measured at fair value through other comprehensive income.

The impairment charge in the income statement includes the change in expected credit losses.

The Company has adopted a simplified method for measuring ECL and always recognises lifetime ECL for its financial assets. These are calculated using qualitative and quantitative analysis based on the Company's historical experience and informed credit assessment to determine expected loss rates. Any staging shown in the notes is based on days past due and is representative only. Loans and advances to customers are written off against the related provisions when there are no reasonable expectations of recovery.

Expected credit losses are calculated for loans and advances to banks and amounts due from other group companies based on days past due and exposure. The expected credit losses for these financial assets are immaterial and as such have not been recognised in these financial statements.

### f) Finance leases, operating leases and hire purchase contracts

#### Lessor

A finance lease is a lease or hire purchase contract that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Finance leases are recognised as loans at an amount equal to the gross investment in the lease discounted at its implicit interest rate. Finance charges on finance leases are taken to income in proportion to the net funds invested.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Rental income from operating leases is recognised in equal instalments over the period of the leases and included in the net operating income in the income statement.

#### Lessee

A lease liability and right of use asset are recognised on the balance sheet at the lease commencement date. The lease liability is measured at the present value of future lease payments. The right of use asset is measured at cost, comprising the initial lease liability, payments made at or before the commencement date less lease incentives received, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease.

The finance cost relating to the lease liability is charged to the income statement over the lease term. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

For short term leases with a term of less than 12 months or leases with an underlying asset of low value (less than £4,000), the lease payments are recognised as an expense on a straight line basis over the lease term.

### g) Intangible assets

Computer software (acquired and costs associated with development) is stated at cost less accumulated amortisation and provisions for impairment. Amortisation is calculated to write off their cost on a straight-line basis over the estimated useful lives as follows:

Computer software	3 to 5 years
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### h) Assets held for sale

Assets held for sale are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated

### i) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and provisions for impairment. Depreciation is calculated to write off their cost on a straight-line basis over their estimated useful lives as follows:

Assets held under operating leases	1 to 15 years
------------------------------------	---------------

### j) Share capital

#### Share issue costs

Incremental costs directly attributable to the issue of new shares or options including those issued on the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

#### Preference shares

Preference shares that can only be redeemed by the Company are treated as equity.

#### Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by directors.

#### Dividends on preference shares

Dividends on preference shares are recognised in equity in the period in which they are accrued, regardless of whether they are paid or declared. Dividends on preference shares are ranked ahead of dividends on ordinary shares.

### k) Provisions and contingent liabilities

Provisions are recognised in respect of present obligations arising from past events where it is probable that outflows of resources will be required to settle the obligations and they can be reliably estimated.

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless the risk is remote.

**2. Significant accounting policies (continued)**

**l) Taxes, including deferred taxes**

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and 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 balance sheet date.

To enable the tax charge to be based on the profit for the year, deferred tax is provided in full on temporary timing differences, at the rates of tax expected to apply when these differences crystallise. Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profits will be available against which temporary differences can be offset. All deferred tax liabilities are offset against deferred tax assets in accordance with the provisions of International Accounting Standard 12 *Income taxes* ("IAS 12").

**m) Cash and cash equivalents**

Cash and cash equivalents comprises cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash.

**3. Critical accounting estimates and judgements**

The financial statements have been prepared on a basis other than going concern. Judgement is applied in determining the fair value of any assets and liabilities, taking into account the impact of immediate liquidation.

The Company's estimates and assumptions are based on historical experience and expectation of future events and have been reviewed by the directors. In their view there has not been any material impact from remeasurement differences as a result of not adopting the going concern basis.

**Notes to the financial statements (continued)**  
**for the year ended 31 July 2023**

**4. Revenue**

Revenue arises from the Company's principal activity and represents interest and fees charged on the provision of instalment credit, and the rental of technology assets to business customers, exclusive of VAT and intra-company transactions.. The Company does not have any operating segments and therefore no segmental analysis has been provided.

**5. Auditors' remuneration**

For the year ending 31 July 2023, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The audit fee incurred by the Company in 2022 was £28,798. Auditors' remuneration was paid by CBG and recharged to the Company. There were no non-audit services provided by the auditors to the Company.

**6. Interest income and expense**

	2023 £	2022 £
<b>Interest income</b>		
Loans and advances to customers	18,771	83,357
Arrangement fee	9	458
Commission expense	(287)	(1,859)
	<u>18,493</u>	<u>81,956</u>
<b>Interest expense</b>		
Payable to parent undertaking on intra-group loans	(8,652)	(11,874)
	<u>(8,652)</u>	<u>(11,874)</u>
<b>Net interest income</b>	<u>9,841</u>	<u>70,082</u>

**7. Fees and commission income and expense**

	2023 £	2022 £
<b>Fees and commission income</b>		
Settlement fees	77,201	3,042
Other fee income	-	2,153
	<u>77,201</u>	<u>5,195</u>
<b>Fees and commission expense</b>		
Other fee expense	(289)	(645)
	<u>(289)</u>	<u>(645)</u>
Other income	561	7,870
<b>Net fees and commission income</b>	<u>77,473</u>	<u>12,420</u>

**Close Brothers Technology Services Limited**

**Notes to the financial statements (continued)**  
**for the year ended 31 July 2023**

**8. Administrative expenses**

	2023	2022
	£	£
<b>Staff costs</b>		
Wages and salaries	-	35,855
Social security costs	-	4,858
Other pension costs	-	2,900
	-	<b>43,613</b>
<b>Other administrative expenses</b>		
Legal, regulatory and professional fees	9,069	37,435
Head office expenses	1,120	3,811
Information technology costs	2,514	2,602
Loss on sale of fixed assets	30,607	5,874
Revaluation on assets held for sale	-	29,647
Other expenses	1,007	698
Marketing costs	44	387
	<b>42,347</b>	<b>80,254</b>
<b>Total administrative expenses</b>	<b>42,347</b>	<b>123,867</b>

	2023	2022
The average number of employees (including executive directors) was:		
Other	-	1
	-	<b>1</b>

**9. Directors' remuneration and transactions**

	2023	2022
	£	£
<b>Directors' remuneration</b>		
Emoluments	-	1,442
Company contributions to money purchase pension schemes	-	8
	-	<b>1,450</b>
<b>The number of directors who:</b>		
Are members of a money purchase pension scheme	-	1
	-	<b>1</b>
<b>Remuneration of the highest paid director:</b>		
Emoluments	-	1,442
	-	<b>1,442</b>

Directors' emoluments are borne by the parent.

**Notes to the financial statements (continued)**  
**for the year ended 31 July 2023**

**10. Retirement benefit schemes**

**Defined contribution schemes**

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to the income statement of £nil (2022: £2,900) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans.

**11. Debtors**

**a) Breakdown of debtor balances**

	31 July 2023	31 July 2022
	£	£
<b>Amounts falling due within one year:</b>		
Loans and advances to customers	5,571	345,829
Trade debtors	115	89,746
Prepayments	587	890
Other debtors	-	17,539
	<u>6,273</u>	<u>454,004</u>
<b>Amounts falling due after more than one year:</b>		
Loans and advances to customers	-	8,446
	<u>-</u>	<u>8,446</u>
<b>Total debtors</b>	<u>6,273</u>	<u>462,450</u>

Included in loans and advances to customers above are the following amounts:

	31 July 2023	31 July 2022
	£	£
<b>Loans and advances to customers comprise</b>		
Finance lease receivables	5,571	354,275
	<u>5,571</u>	<u>354,275</u>

The following table shows a reconciliation between the gross investment in finance lease and hire purchase agreement receivables to present value of minimum lease and hire purchase payments.

	31 July 2023	31 July 2022
	£	£
<b>Gross investment in finance lease and hire purchase agreement receivables due:</b>		
Within one year	5,790	368,707
One to two years	-	8,797
	<u>5,790</u>	<u>377,505</u>
Unearned finance income	(191)	(13,882)
<b>Present value of minimum lease and hire purchase agreement payments</b>	<u>5,599</u>	<u>363,623</u>
<b>Of which due:</b>		
Within one year	5,599	355,177
One to two years	-	8,446
	<u>5,599</u>	<u>363,623</u>

**Close Brothers Technology Services Limited**

**Notes to the financial statements (continued)**  
**for the year ended 31 July 2023**

**11. Debtors (continued)**

**b) Gross loans and advances to customers and impairment allowance**

Gross loans and advances to customers and the corresponding impairment provisions and provision coverage ratios are set out below. The analysis provided includes expected credit losses calculated based on the IFRS 9 simplified approach. Under this simplified approach, lifetime expected credit losses are recognised for the exposure regardless of staging.

	<b>Total £</b>
<b>At 31 July 2023</b>	
Gross loans and advances to customers	5,599
Impairment provisions	(28)
Net	5,571
Provision coverage ratio	0.5%
<b>At 31 July 2022</b>	
Gross loans and advances to customers	363,623
Impairment provisions	(9,348)
Net	354,275
Provision coverage ratio	3.0%

**c) Reconciliation of the opening and closing impairment allowance and gross loans and advances to customers**

The analysis provided includes expected credit losses calculated based on the IFRS 9 simplified approach. Under this simplified approach, lifetime expected credit losses are recognised for the exposure regardless of staging.

	<b>Total £</b>
<b>Reconciliation of impairment allowance for loans to customers</b>	
<b>Impairment provisions on loans and advances to customers</b>	
<b>At 1 August 2022</b>	<b>9,348</b>
New financial assets originated	-
Net measurement of ECL	13,658
Change in ECL on repayments	(806)
<b>Debit to the income statement</b>	<b>12,852</b>
Write offs	(22,172)
<b>At 31 July 2023</b>	<b>28</b>
<b>Impairment provisions on loans and advances to customers</b>	
<b>At 1 August 2021</b>	<b>33,124</b>
New financial assets originated	46
Net measurement of ECL	6,871
Change in ECL on repayments	(28,199)
<b>Credit to the income statement</b>	<b>(21,282)</b>
Write offs	(2,494)
<b>At 31 July 2022</b>	<b>9,348</b>



Notes to the financial statements (continued)  
for the year ended 31 July 2023

**11 Debtors (continued)**

- c) Reconciliation of the opening and closing impairment allowance and gross loans and advances to customers (continued)

**Reconciliation of impairment charge to the income statement**

	2023 £	2022 £
<b>Impairment losses relating to loans and advances to customers</b>		
Charge / (release) arising from movement in impairment provisions	12,852	(21,282)
Amounts written off / (written back) directly to the income statement, net of recoveries and other costs - gross loans and advances to customers	27,888	(11,893)
Amounts written off directly to the income statement, net of recoveries and other costs - trade debtors	32,132	9,404
<b>Impairment losses / (release losses) on financial assets</b>	<b>72,873</b>	<b>(23,771)</b>

**Total  
£**

**Reconciliation of gross loans and advances to customers**

**Gross loans and advances to customers**

<b>At 1 August 2022</b>	<b>363,623</b>
New financial assets originated	-
Repayments	(307,963)
Write offs	(50,061)
<b>At 31 July 2023</b>	<b>5,599</b>

**Gross loans and advances to customers**

<b>At 1 August 2021</b>	<b>1,290,595</b>
New financial assets originated	9,164
Repayments	(924,243)
Write offs	(11,893)
<b>At 31 July 2022</b>	<b>363,623</b>

**12. Tax**

	2023 £	2022 £
The tax charge comprises:		
Tax charged to the income statement		
<b>Current tax:</b>		
UK corporation tax	3,496	50,553
Adjustments in respect of previous years	-	(1,255)
	<b>3,496</b>	<b>49,298</b>
<b>Deferred tax:</b>		
Deferred tax for the current year	6,010	7,525
	<b>6,010</b>	<b>7,525</b>
<b>Total tax charge</b>	<b>9,506</b>	<b>56,823</b>

## Close Brothers Technology Services Limited

### Notes to the financial statements (continued) for the year ended 31 July 2023

#### 12. Tax (continued)

##### Tax on items not (credited)/charged to the income statement

Deferred tax relating to:

Share-based transactions tax allowance in excess of expense recognised	59	298
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##### Reconciliation to tax expense

UK tax for the year at 21.0055% (2022: 19%) on operating profit	8,508	56,057
Deferred tax impact of increased UK corporation tax rate	998	2,021
Prior year tax provision	-	(1,255)
<b>Total tax charge</b>	<b>9,506</b>	<b>56,823</b>

Movements in deferred tax assets were as follows:

	Capital allowances £	Other £	Total £
<b>At 1 August 2021</b>	<b>38,264</b>	<b>3,061</b>	<b>41,325</b>
Charge to the income statement	(6,888)	(637)	(7,525)
Charge to equity	-	(297)	(297)
<b>At 31 July 2022</b>	<b>31,376</b>	<b>2,127</b>	<b>33,503</b>
Charge to the income statement	(5,647)	(363)	(6,010)
Charge to equity	-	(59)	(59)
<b>At 31 July 2023</b>	<b>25,729</b>	<b>1,705</b>	<b>27,434</b>

#### 13. Tangible assets

	Total £
<b>Cost</b>	
<b>At 1 August 2021</b>	<b>5,307,736</b>
Additions	10,504
Disposals	(912,915)
Reclassified to assets held for sale*	(1,116,728)
<b>At 31 July 2022</b>	<b>3,288,597</b>
Additions	-
Disposals	(2,952,978)
Reclassified to assets held for sale*	(32,929)
<b>At 31 July 2023</b>	<b>302,690</b>

Notes to the financial statements (continued)  
for the year ended 31 July 2023**13. Tangible assets (continued)**

<b>Accumulated depreciation</b>	
<b>At 1 August 2021</b>	<b>(4,278,418)</b>
Charge for the year	(591,576)
Impairment losses / (release)	26,250
Depreciation on disposal	754,142
Reclassified to assets held for sale*	1,009,404
<b>At 31 July 2022</b>	<b>(3,080,198)</b>
Charge for the year	(147,213)
Impairment losses / (release)	-
Depreciation on disposal	2,924,721
Reclassified to assets held for sale*	-
<b>At 31 July 2023</b>	<b>(302,690)</b>
<b>Net book value</b>	
At 31 July 2022	208,399
At 31 July 2023	-

\*See note 14 for further information on assets classified as held for sale.

	2023	2022
	£	£
<b>Future minimum lease rentals receivable under non-cancellable operating leases</b>		
One year or within one year	-	208,399
	-	<b>208,399</b>

**14. Assets classified as held for sale**

As at 31 July 2023, the Company identified IT assets which are available for sale and are expected to be sold shortly after the current financial year. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the Company has reclassified this technology as assets held for sale.

	Non-current assets held for sale £
<b>At 1 August 2021</b>	<b>64,096</b>
Reclassified from Tangible assets	107,324
Revaluation adjustment	(29,647)
Disposals	(34,491)
<b>At 31 July 2022</b>	<b>107,282</b>
Reclassified from Tangible assets	32,929
Revaluation adjustment	-
Disposals	(104,488)
<b>At 31 July 2023</b>	<b>35,723</b>

**Close Brothers Technology Services Limited**

**Notes to the financial statements (continued)  
for the year ended 31 July 2023**

**15. Creditors: amount falling due within one year**

	31 July 2023	31 July 2022
	£	£
<b>Amounts falling due within one year:</b>		
Amounts owed to parent undertakings	1,026,120	1,774,230
Other taxation and social security	15,845	15,936
Accruals and deferred income	40,470	63,444
Corporation tax	3,496	3,761
	<b>1,085,931</b>	<b>1,857,371</b>
<b>Total creditors</b>	<b>1,085,931</b>	<b>1,857,371</b>

**16. Called up share capital**

Allotted, called up and fully-paid capital comprises 1,000,000 ordinary shares of £1 each. The Company has one class of ordinary shares which carry no right to fixed income. In the event of liquidation, assets would be distributed among the holders of ordinary shares in proportion to the amounts paid up on the ordinary shares, after any distributions to holders of preference shares.

Allotted, called up and fully-paid preference share capital comprises 5,125,000 preference shares of £1 each, 1,950,000 on 26 July 2018, 1,850,000 issued on the 25 July 2017 and 1,325,000 issued on 28 July 2016 for cash consideration. If a dividend or other distribution is made or paid by the Company, then the preference shares shall have the right to a fixed cumulative preferential dividend at a rate of 6% per annum, compounding yearly. These shares carry no voting rights and are redeemable at the Company's option at any time.

**17. Financial instruments**

As a company providing financial services business, financial instruments are central to the Company's activities. The risk associated with financial instruments represents a significant component of those faced by the Company and is analysed in more detail below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.

**a) Classification**

The following table below analyses the Company's assets and liabilities in accordance with the categories of financial instruments in IFRS 9, as at 31 July 2023:

	31 July 2023	31 July 2022
	Amortised cost	Amortised cost
	£	£
<b>Assets</b>		
Cash and cash equivalents	9,958	8,199
Loans and advances to customers	5,573	354,275
Other financial assets	115	107,285
	<b>15,646</b>	<b>469,759</b>
<b>Liabilities</b>		
Other financial liabilities	22,439	38,414
	<b>22,439</b>	<b>38,414</b>

**b) Valuation**

The fair values of the Company's financial assets and liabilities are not materially different from their carrying values. The Company holds no financial instruments that are measured at fair value subsequent to initial recognition.

**Notes to the financial statements (continued)**  
**for the year ended 31 July 2023**

**17. Financial instruments (continued)**

c) Credit risk

Credit risk is the risk of a reduction in earnings and/or value, as a result of the failure of a counterparty or associated party with whom the Company has contracted to meet its obligations in a timely manner and arises mainly from the lending activities.

The Company's lending activities are generally short-term in nature, with low average loan size and spread across asset classes in order to control concentration risk in the loan book and associated collateral. In addition, the Company applies consistent and prudent lending criteria mitigating credit risk. The credit quality of counterparties with whom the Company deposits or whose debt securities are held is monitored within approved limits.

**Maximum exposure to credit risk**

The table below presents the Company's maximum exposure to credit risk, before taking account of any collateral and credit risk mitigation, arising from its on-balance sheet financial instruments at 31 July 2023.

	31 July 2023	31 July 2022
	£	£
<b>On balance sheet</b>		
Cash and cash equivalents	9,960	8,199
Loans and advances to customers	5,571	354,275
Other debtors	115	107,285
<b>Total maximum exposure to credit risk</b>	<b>15,646</b>	<b>469,759</b>

There was no off-balance sheet exposure as at 31 July 2023 (31 July 2022: £nil).

**Credit risk reporting:**

The following table sets out loans and advances to customers and trade receivables by the Company's internal credit risk grading. The analysis of lending has been prepared based on the following risk categories:

Low risk: The credit risk profile of the borrower is considered acceptable with no concerns on ability to meet obligations as they fall due. Standard monitoring in place.

Medium risk: Evidence of deterioration in the credit risk profile of the borrower exists which requires increased monitoring. Potential concerns on ability to meet obligations as they fall due may exist.

High risk: Evidence of significant deterioration in the credit risk profile of the borrower exists which requires enhanced management. Full repayment may not be achieved with potential for loss identified.

	Stage 1	Stage 2	Stage 3	Total
	£	£	£	£
<b>As at 31 July 2023</b>				
<b>Loans and advances to customers</b>				
High risk	-	-	-	-
Medium risk	-	-	-	-
Low risk	5,599	-	-	5,599
<b>Trade receivables</b>				
High risk	-	-	-	-
Medium risk	-	-	-	-
Low risk	33,958	-	-	33,958

**Close Brothers Technology Services Limited**

**Notes to the financial statements (continued)  
for the year ended 31 July 2023**

**17. Financial instruments (continued)**

**c) Credit risk (continued)**

	Stage 1	Stage 2	Stage 3	Total
	£	£	£	£
<b>As at 31 July 2022</b>				
<b>Loans and advances to customers</b>				
High risk	-	-	-	-
Medium risk	-	-	-	-
Low risk	198,202	165,421	-	363,623
<b>Trade receivables</b>				
High risk	-	-	-	-
Medium risk	-	-	-	-
Low risk	108,996	-	-	108,996

**d) Forbearance**

Forbearance occurs when a customer is experiencing difficulty in meeting their financial commitments and a concession is granted, by changing the terms of the financial arrangement, which would not otherwise be considered. This arrangement can be temporary or permanent depending on the customer's circumstances.

The Company reports on forbore exposures as either performing or non-performing in line with regulatory requirements. A forbearance policy is maintained to ensure the necessary processes are in place to enable consistently fair treatment of each customer and that they are managed based on their individual circumstances. The arrangements agreed with customers will aim to create a sustainable and affordable financial position, thereby reducing the likelihood of suffering a credit loss. The forbearance policy is periodically reviewed to ensure it is still effective.

The Company has historically offered a range of concessions to support customers which vary depending on the product and the customer's status. Loans are classified as forbore at the time a customer in financial difficulty is granted a concession and the customer will remain treated and recorded as forbore until the following exit conditions are met:

1. When all due payments, as per the amended contractual terms, have been made in a timely manner over a continuous repayment period (loan is considered as performing);
2. A minimum two-year probation period has passed from the date the forbore exposure was considered as performing;
3. None of the customer's exposures with the Banking division are more than 30 days past due at the end of the probation period.

**Forbearance analysis**

At 31 July 2023 the gross carrying amount of exposures with forbearance measures was £nil (2022: £nil).

**e) Collateral held - LTV**

The Company mitigates credit risk through holding collateral against loans and advances to customers. The Company has internal policies on the acceptability of specific collateral types, the requirements for ensuring effective enforceability and monitoring of collateral in-life. Internal policies define, amongst other things, legal documentation requirements, the nature of assets accepted, loan to value and age at origination, and exposure maturity and in-life inspection requirements. An asset valuation is undertaken as part of the loan origination process.

The principal types of collateral held by the Company against loans and advances charges over business assets such as equipment.

The Company's collateral policies have not materially changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Company since the prior period.

	2023	2022
	£	£
<b>LTV</b>		
90% to 100%	5,599	363,623
	<b>5,599</b>	<b>363,623</b>

**Notes to the financial statements (continued)**  
**for the year ended 31 July 2023**

**17. Financial instruments (continued)****f) Market risk**

Market risk is the risk that a change in the value of an underlying market variable, such as interest or foreign exchange rates, will give rise to an adverse movement in the value of the Company's assets. The Company has no exposure to foreign exchange risk.

**g) Interest rate risk**

The Company's exposure to interest rate fluctuations relates primarily to the returns from its net loan book and funding. The Company's policy is to match repricing characteristics of assets and liabilities naturally where possible or by using interest rate swaps where necessary to secure the margin on its loans and advances to customers.

The sensitivities below are based upon reasonably possible changes in interest rate scenarios, including parallel shifts in the yield curve. At 31 July 2023, changes in interest rates compared to actual rates would increase/(decrease) the Company's annual net interest income and equity by the following amounts:

	2023 £	2022 £
+1% increase in interest rates	(750)	(5,351)
- 1% decrease in interest rates	750	5,351

**h) Liquidity risk**

Liquidity risk is the risk that liabilities cannot be met when they fall due or can only be met at an uneconomic price.

The Company has a prudent liquidity position with total available funding at 31 July 2023 of £1,026,120 (2022: £1,774,230). The Company measures liquidity risk with a variety of measures including regular stress testing and cash flow monitoring and reporting to both the Company and divisional boards.

The following table analyses the contractual maturities of the Company's on-balance sheet financial liabilities on an undiscounted cash flow basis.

	On demand £	In less than three months £	In more than three months but less than six months £	In more than six months but less than one year £	In more than one year but less than five years £	In more than five years £	Total £
<b>As at 31 July 2023</b>							
<b>Liabilities</b>							
Amounts owed to parent undertakings	126,120	900,000	-	-	-	-	1,026,120
Other financial liabilities	-	22,439	-	-	-	-	22,439
	<b>126,120</b>	<b>922,439</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,048,559</b>

	On demand £	In less than three months £	In more than three months but less than six months £	In more than six months but less than one year £	In more than one year but less than five years £	In more than five years £	Total £
<b>As at 31 July 2022</b>							
<b>Liabilities</b>							
Amounts owed to parent undertakings	574,230	1,200,000	-	-	-	-	1,774,230
Other financial liabilities	-	38,414	-	-	-	-	38,414
	<b>574,230</b>	<b>1,238,414</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,812,644</b>

## **Close Brothers Technology Services Limited**

### **Notes to the financial statements (continued) for the year ended 31 July 2023**

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#### **18. Capital management**

The Company's Capital Management policy is governed by its ultimate parent, CBG.

The Company's policy is to be well capitalised and its approach to capital management is managed and maintained by its immediate parent CBL. Capital management is driven by strategic and organisational requirements, while also taking into account the regulatory and commercial environments in which it operates. Information on this policy can be found in the Company's ultimate parent, CBG's 2023 Annual Report and on the website [www.closebrothers.com/investor-relations/investor-information/results-reports-and-presentations](http://www.closebrothers.com/investor-relations/investor-information/results-reports-and-presentations).

CBL maintains capital adequacy ratios above minimum regulatory requirements. CBG's individual regulated entities, where applicable, complied with all of the externally imposed capital requirements to which they are subject for the years ended 31 July 2023 and 2022.

#### **19. Related party transactions**

The Company has adopted the disclosure exemptions in FRS101. Therefore, transactions entered into between two or more members of a group, provided that any subsidiary party to the transaction is wholly owned by such a member, are not disclosed in the financial statements.

#### **20. Controlling party**

The Company's immediate controlling party is Close Brothers Limited. The Company's ultimate parent company and ultimate controlling party is CBG, a Company incorporated in the United Kingdom. The parent undertaking of the largest group, which includes the Company and for which group financial statements are prepared, is CBG.

The parent undertaking of the smallest such group is Close Brothers Limited, a Company incorporated in the United Kingdom. Copies of the group financial statements of CBG and Close Brothers Limited are available from 10 Crown Place, London EC2A 4FT.