

Company Registration Number: 10077673 (England and Wales)

**Independent Growth Finance Limited**  
Report and Consolidated Financial Statements  
for the year ended 31 March 2020



# **Independent Growth Finance Limited**

## **Report and financial statements for the year ended 31 March 2020**

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### **Contents**

#### **Page:**

|    |   |
|----|---|
| 1  | Strategic Report  |
| 4  | Directors' Report   |
| 6  | Independent Auditor's Report                              |
| 9  | Consolidated Statement of Comprehensive Loss              |
| 10 | Consolidated and Company Statements of Financial Position |
| 11 | Consolidated Statement of Cash Flow                       |
| 12 | Consolidated and Company Statements of Changes in Equity  |
| 13 | Notes forming part of the Financial Statements            |

### **Directors and Advisors**

#### **Directors**

J R Allbrook  
J M Hudson  
P W Ralph  
J P Onslow  
S M Moore

#### **Registered office**

Kingsgate  
High Street  
Redhill  
RH1 1SG

#### **Independent Auditors**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

# Independent Growth Finance Limited

## Strategic Report for the year ended 31 March 2020

The Directors present their strategic report for the year ended 31 March 2020.

### Principal activities

The principal activities of the group are providing working capital solutions that meet the growth aspirations of small and medium sized enterprises (SMEs), primarily through receivables finance and asset based lending.

### Key Performance Indicators (KPI's)

| <i>Financial year ended 31 March</i> |      | 2017    | 2018  | 2019  | 2020   | Growth / improvement 19/20 |       |
|--------------------------------------|------|---------|-------|-------|--------|----------------------------|-------|
| Client funds in use                  | £m   | 47      | 71    | 99    | 123    | +24m                       | +24%  |
| Average funds in use                 | £m   | 24      | 48    | 77    | 107    | +£30m                      | +39%  |
| Client Volume                        | £m   | 433     | 659   | 910   | 1,191  | +281m                      | +31%  |
| Turnover                             | £000 | 4,266   | 7,265 | 9,362 | 11,056 | +1,694k                    | +18%  |
| Cost / income ratio                  | %    | 152%    | 109%  | 92%   | 76%    | 16%                        | 17%   |
| EBITDA                               | £000 | (1,964) | (412) | 1,016 | 2,794  | +1,778k                    | +175% |
| Net Current Assets                   | £m   | 9       | 11    | 22    | 26     | +£5m                       | +21%  |

### Business review and future development

The results for the year are set out above and on page 9.

The group achieved another year of significant progress and strong growth, but the end of the year was overshadowed by the Covid-19 situation. Funds in use closed at £123m, an increase of £24m (24%) and would have been higher but for the escalating crisis during March. Average funds in use over the year, a better indicator of performance, was £30m higher than the previous year, a 39% increase. Client volume increased by 31%. With a £1.7m (18%) increase in Turnover, and a further significant decrease in our cost/income ratio we are reporting an EBITDA for the year of £2.8m, a £1.8m (175%) increase on the previous year.

The Group ended the year in a very strong position as we entered the Covid-19 situation, but our priorities over the immediate short term have clearly changed with our prime focus being the health and wellbeing of our staff and helping our Clients through any difficulties that they face. During this period all of our staff have been able to work from home. We have been able to extend to our Clients a range of initiatives to help them through this period, including loan repayment holidays, increased funding periods and offering facilities under the CBILS scheme (see below).

# **Independent Growth Finance Limited**

## **Strategic Report for the year ended 31 March 2020**

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### **Covid 19**

Although we are expecting a near term fall in funds out and Client volume, and some increase in Client distress, we remain open for new business and to date have performed better than initially forecast. Although sales activity has reduced, we have signed a number of Clients during the early months of the crisis. We have also continued to recruit critical additions to our sales and risk teams. The Directors believe that the business is well positioned to resume our high growth strategy once some form of normality returns. A fuller description of the risks arising due to the Covid-19 pandemic and our mitigating actions are included in page 13 of these accounts. Looking beyond the current situation, our strategy remains to significantly and profitably grow our Client book, whilst successfully managing portfolio risk. We will continue to invest in our people and infrastructure to provide an effective and efficient platform to grow quickly and profitably whilst providing an outstanding service to our Clients.

During the year we have continued to enjoy the support of our shareholders and funders and have successfully negotiated an extension to our facilities to cover the next 3 financial years and beyond. We have sufficient funds to overcome any short-term difficulties that may arise due to the Covid-19 situation, and to finance the next stage of our growth aspirations.

It is the intention of the Directors to continue each of the Company's trades in the forthcoming year.

### **Coronavirus Business Interruption Loan Scheme (CBILS)**

We were pleased to be accepted as an accredited lender for the CBILS scheme and with effect from 11 May 2020 we have been able to offer this support to existing and new Clients who have experienced difficulties due to the Covid-19 situation.

### **Principal risks and uncertainties**

In addition to the near-term uncertainty caused by the Covid-19 situation, noted above, the following is a summary of the key business risks for the group and the key actions management take to mitigate the level of risk to acceptable levels.

#### **a) Credit risk**

The financial risk of losses arising from clients being unable to repay amounts due. This risk is mitigated by extensive checks on prospective clients and their owners before take on and rigorous client management processes and controls once on board, including periodic audits and verification checks. Clients are restricted to availability limits on the amounts they can draw and all funds out are backed by security over assets that can be realised in the event of default. It should also be noted that on average we collect 100% of funds due on receivables facilities within a month.

#### **b) Liquidity risk**

The risk that funds are not available to meet the groups financial obligations or to finance future growth. This risk is mitigated by regular monitoring of the groups working capital position and forward planning our funding requirements to ensure that we always have sufficient facilities in place. The risk of breaching key covenants with our lenders is mitigated by regular monitoring and financial forecasting, including scenario testing of our key planning assumptions.

# Independent Growth Finance Limited

## Strategic Report for the year ended 31 March 2020

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c) Interest rate risk

The financial risk of unexpected or significant changes in interest rates. This risk is naturally minimised as discount income receivable and interest payable are both linked to the same underlying rates.

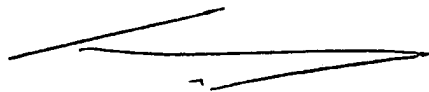
d) Currency risk

The risk of losses arising from large fluctuations in exchange rates. This risk is mitigated by a natural hedge in currency transactions whereby funds paid and received will be denominated in the same currency.

e) Reputational risk

The risk of an event adversely impacting our relationships with our clients and business introducers and prospective new business. This risk is mitigated by training our staff to ensure that our core values of excellent service and acting with the utmost integrity and professionalism is at the core of everything that we do.

On behalf of the Board



J P Onslow – Director

Date 14 October 2020

# **Independent Growth Finance Limited**

## **Directors' Report for the year ended 31 March 2020**

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The Directors present their report and Group consolidated financial statements for the year ended 31 March 2020.

The principal activities, business review and future development of the Group are listed in the strategic report.

The Company is a Holding Company.

### **Results and dividends**

The results for the period are set out on page 9. No dividends will be distributed for the period ended 31 March 2020 (2019– nil).

### **Directors of the Company**

The following Directors have held office throughout the year:

J R Allbrook  
J M Hudson  
P W Ralph  
J P Onslow  
S M Moore (Appointed 27 August 2019)  
N J Price (Resigned 31 July 2019)  
M Cooper (Resigned 23 May 2019)

### **Auditors**

In accordance with section 485 of the Companies Act 2006, a resolution proposing that BDO LLP be reappointed as auditors of the Company will be put to the Annual General Meeting.

### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom 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 Group and of the profit or loss of the Company and Group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group 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 Group hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Independent Growth Finance Limited

## Directors' Report for the year ended 31 March 2020

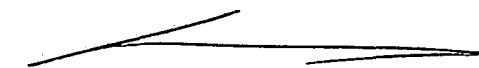
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### Statement of disclosure to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors 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 auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small Companies within Part 15 of the Companies Act 2006.

On behalf of the Board



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J P Onslow - Director

Date 14 October 2020

# **Independent Growth Finance Limited**

## **Independent Auditor's report to the members of Independent Growth Finance Limited**

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### **Opinion**

We have audited the financial statements of Independent Growth Finance Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated statement of comprehensive loss, the consolidated and company statements of financial position, the consolidated statement of cash flow and the consolidated and company statements of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

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



# **Independent Growth Finance Limited**

## **Independent Auditor's report to the members of Independent Growth Finance Limited**

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic and 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

# **Independent Growth Finance Limited**

## **Independent Auditor's report to the members of Independent Growth Finance Limited**

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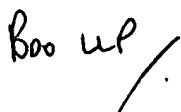
### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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**Tim Neathercoat (Senior Statutory Auditor)**  
For and on behalf of BDO LLP, Statutory Auditor  
London, United Kingdom

..... 14 October 2020

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

# Independent Growth Finance Limited

## Consolidated Statement of Comprehensive Loss for the year ended 31 March 2020

|  | Note | 2020<br>£          | 2019<br>£          |
|--|------|--------------------|--------------------|
| Turnover   | 4    | 11,056,055         | 9,362,490          |
| Administrative expenses                                |      | (8,430,891)        | (8,606,337)        |
| Other operating income                                 |      | -                  | -                  |
| <b>Operating Profit</b>                                | 5    | <b>2,625,164</b>   | <b>756,153</b>     |
| Interest payable and similar charges                   | 8    | (4,856,134)        | (3,426,133)        |
| <b>Loss on ordinary activities before taxation</b>     |      | <b>(2,230,968)</b> | <b>(2,669,980)</b> |
| Taxation on loss on ordinary activities                | 9    | (79,003)           | 84,069             |
| <b>Loss for the financial year</b>                     |      | <b>(2,309,971)</b> | <b>(2,585,911)</b> |
| Other comprehensive income                             |      | -                  | -                  |
| <b>Total comprehensive loss for the financial year</b> |      | <b>(2,309,971)</b> | <b>(2,585,911)</b> |

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

# Independent Growth Finance Limited

## Consolidated and Company Statements of Financial Position as at 31 March 2020

Company Registration Number - 10077673

|  | Note | GROUP               |                    | COMPANY           |                   |
|--|------|---------------------|--------------------|-------------------|-------------------|
|  |      | 2020<br>£           | 2019<br>£          | 2020<br>£         | 2019<br>£         |
| <b>Fixed assets</b>  |      |                     |                    |                   |                   |
| Investment in Subsidiary Undertakings                          | 10   | -                   | -                  | 1                 | 1                 |
| Intangible assets  | 11   | 105,356             | 145,767            | -                 | -                 |
| Tangible assets  | 12   | 122,838             | 139,885            | -                 | -                 |
|  |      | <u>228,194</u>      | <u>285,652</u>     | <u>1</u>          | <u>1</u>          |
| <b>Current assets</b>  |      |                     |                    |                   |                   |
| Debtors: amounts falling due within one year                   | 13   | 101,359,417         | 78,274,346         | 707,787           | 684,807           |
| Debtors: amounts falling due after more than one year          | 13   | 12,230,512          | 10,927,655         | 37,694,281        | 30,664,125        |
| Cash at bank and in hand                                       |      | 303,299             | 112,201            | -                 | -                 |
|  |      | <u>113,893,228</u>  | <u>89,314,202</u>  | <u>38,402,068</u> | <u>31,348,932</u> |
| <b>Creditors: amounts falling due within one year</b>          | 14   | (87,625,270)        | (67,668,238)       | (1,647,423)       | (1,527,909)       |
| <b>Net current assets</b>                                      |      | <u>26,267,957</u>   | <u>21,645,964</u>  | <u>36,754,645</u> | <u>29,821,023</u> |
| <b>Total assets less current liabilities</b>                   |      | <u>26,496,151</u>   | <u>21,931,616</u>  | <u>36,754,645</u> | <u>29,821,024</u> |
| <b>Represented by:</b>   |      |                     |                    |                   |                   |
| <b>Creditors: amounts falling due after more than one year</b> | 15   | 36,768,135          | 29,893,629         | 36,768,135        | 29,893,629        |
| <b>Capital and reserves</b>                                    |      |                     |                    |                   |                   |
| Called up share capital  | 18   | 603                 | 603                | 603               | 603               |
| Profit and loss account  |      | (10,272,587)        | (7,962,616)        | (14,093)          | (73,208)          |
| <b>Shareholders' deficit</b>                                   |      | <u>(10,271,984)</u> | <u>(7,962,013)</u> | <u>(13,490)</u>   | <u>(72,605)</u>   |
|  |      | <u>26,496,151</u>   | <u>21,931,616</u>  | <u>36,754,645</u> | <u>29,821,024</u> |

These financial statements have been prepared in accordance with the provisions applicable to Companies subject to the small Companies' regime. In accordance with section 408 of the Companies Act 2006, no Income Statement and Statement of Comprehensive Income is presented for the Company. The Company made a comprehensive profit of £59,115 (2019: profit £21,029) for the financial year. These financial statements were approved by the Board and authorised for issue on 14 October 2020.

 J P Onslow - Director

The notes on pages 13 to 29 form part of these financial statements.

# Independent Growth Finance Limited

## Consolidated Statement of Cash Flow for the year ended 31 March 2020

|   | Note      | 2020<br>£           | 2019<br>£           |
|---|-----------|---------------------|---------------------|
| <b>Net cash used from operating activities</b>                          | <b>20</b> | <b>(21,033,991)</b> | <b>(21,092,044)</b> |
| <b>Cash flows from investing activities</b>                             |           |                     |                     |
| Purchase of intangible assets   | 11        | (48,889)            | (32,022)            |
| Purchase of tangible assets   | 12        | (63,443)            | (149,724)           |
| <b>Net cash used in investing activities</b>                            |           | <b>(112,332)</b>    | <b>(181,746)</b>    |
| <b>Cash flows from financing activities</b>                             |           |                     |                     |
| Share capital issued  | 18        | -                   | 7                   |
| Investor loan notes issued  | 15        | 5,000,000           | 12,500,000          |
| Interest paid in respect of Investor loan notes                         |           | (856,628)           | (465,692)           |
| Manager loan notes (redeemed) / issued                                  | 15        | (23,880)            | 29,562              |
| Increase in Finance facility  | 14        | 18,465,137          | 10,103,869          |
| Interest paid in respect of Finance facility                            | 8         | (1,926,116)         | (1,410,315)         |
| Net sundry interest payable   | 8         | -                   | (213)               |
| Fees paid in respect of financing activities                            |           | (175,000)           | (437,500)           |
| <b>Net cash generated from financing activities</b>                     |           | <b>20,483,513</b>   | <b>20,319,718</b>   |
| <b>Net increase decrease in cash and cash equivalents in the period</b> |           | <b>(662,810)</b>    | <b>(954,072)</b>    |
| Cash and cash equivalents bought forward                                |           | (1,140,346)         | (186,274)           |
| <b>Cash and cash equivalents carried forward</b>                        |           | <b>(1,803,156)</b>  | <b>(1,140,346)</b>  |
| <b>Cash and cash equivalents comprise:</b>                              |           |                     |                     |
| Cash at bank and in hand  |           | 303,299             | 112,201             |
| Bank overdrafts   |           | (2,106,455)         | (1,252,547)         |
|   |           | <b>(1,803,156)</b>  | <b>(1,140,346)</b>  |

# Independent Growth Finance Limited

## Consolidated and Company Statements of Changes in Equity for the year ended 31 March 2020

|  | Note | Called up<br>share<br>capital<br>£ | Profit and<br>loss<br>account<br>£ | Total<br>equity<br>£ |
|--|------|------------------------------------|------------------------------------|----------------------|
| <b><u>Group</u></b>  |      |                                    |                                    |                      |
| Balance at 31 March 2018                                       |      | 596                                | (5,376,705)                        | (5,376,109)          |
| Shares issued in year ended 31 March 2019                      | 18   | 7                                  | -                                  | 7                    |
| Total comprehensive loss for the year ended<br>31 March 2019   |      | -                                  | (2,585,911)                        | (2,585,911)          |
| Balance at 31 March 2019                                       |      | 603                                | (7,962,616)                        | (7,962,013)          |
| Total comprehensive loss for the year ended<br>31 March 2020   |      | -                                  | (2,309,971)                        | (2,309,971)          |
| <b>Balance at 31 March 2020</b>                                |      | <b>603</b>                         | <b>(10,272,587)</b>                | <b>(10,271,984)</b>  |
| <b><u>Company</u></b>  |      |                                    |                                    |                      |
| Balance at 31 March 2018                                       |      | 596                                | (94,237)                           | (93,641)             |
| Shares issued in year ended 31 March 2019                      | 18   | 7                                  | -                                  | 7                    |
| Total comprehensive profit for the year ended<br>31 March 2019 |      | -                                  | 21,029                             | 21,029               |
| Balance at 31 March 2019                                       |      | 603                                | (73,208)                           | (72,605)             |
| Total comprehensive profit for the year ended<br>31 March 2020 |      | -                                  | 59,115                             | 59,115               |
| <b>Balance at 31 March 2020</b>                                |      | <b>603</b>                         | <b>(14,093)</b>                    | <b>(13,490)</b>      |

# Independent Growth Finance Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2020

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### 1. Company information

Independent Growth Finance Limited (the "Company") together with its subsidiaries (the "Group") is a private limited company, limited by shares, incorporated in England and Wales with Company registration number 10077673. The registered office address is Kingsgate, High Street, Redhill, RH1 1SG.

### 2. Accounting Policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The Company is a 'qualifying entity' for the purposes of FRS 102 and as such has taken advantage of the disclosure exemptions available, including exemption from the requirement to:

- Prepare a Statement of Cash Flows for the Company (Section 7 of FRS 102);
- Disclosure of transactions between two or more members of the Group where the entities are 100% owned within the Group (Para 33.1A of FRS 102);
- Disclose key management personnel compensation for the Company in total (Section 33 paragraph 33.7 of FRS 102); and
- Disclose the carrying amounts of each category of financial assets and financial liabilities of the Company (Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102).

In accordance with section 408 of the Companies Act 2006 no Income Statement and Statement of Comprehensive Income is presented for the Company.

*The following principal accounting policies have been applied:*

#### **Basis of Preparation**

The consolidated and separate financial statements have been prepared on a going concern basis which assumes that the Company and Group is able to meet its liabilities as they fall due. Despite the near-term impact and uncertainty arising from the current Covid-19 situation, the directors have a reasonable expectation that the Company and Group has adequate resources to continue to operate for the foreseeable future and to remain within the financial covenants required by our lenders, as outlined below.

Prior to the Covid-19 situation we had prepared forecasts for the forthcoming year and beyond which assumed we would continue the growth trajectory of the previous four years, as outlined in the Strategic Report on page 1. The Board has now revised these forecasts for the forthcoming year in light of the uncertainty caused by the Covid-19 pandemic. In doing so the Board has identified the following potential key risks which could materially impact revenue and profitability, and we have modified our forecasts accordingly:

- increase in Client attrition levels due to Clients not surviving the crisis, which coupled with reduced new business will lead to a short-term shrinkage in funds in use
- increase in Client loss rates (bad debts)
- decrease in Client's own turnover leading to a reduction in debts assigned to the Group and therefore service charge income

# **Independent Growth Finance Limited**

## **Notes forming part of the Financial Statements for the year ended 31 March 2020**

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Our assumptions relating to these key risks will be monitored regularly and forecasts will be updated where necessary. In addition to the revised forecasts, we have prepared alternative scenarios which we will also be reviewing regularly and updating where necessary.

Although our revised forecasts project a reduction in funds in use, income and profitability when compared to the original forecasts, they still demonstrate that the Group can operate within the financial covenants during the next twelve months and beyond. We have not applied for, nor do we expect to apply for any government support during this period. All of our staff are able to work from home and we are able to operate and service our Clients as normally as possible.

Acknowledging the difficulty in accurately forecasting the potential impact of each of the above key risks in the current situation, the Board have taken a prudent approach based on data available, Client surveys and Management experience. The Board have not included in these forecasts the potential opportunities that may arise during this downturn, although we are planning to take advantage of these when they arise.

The Board have taken the following measures to mitigate the impact of these risks on Clients and to protect income and profitability:

- we have extended to our Clients a range of initiatives to help them through this period, including loan repayment holidays and increased funding periods
- as an accredited lender we are able to provide our Clients with facilities under the Government Coronavirus Business Interruption Loan Scheme (CBILS) to help them through the crisis
- we have strengthened and restructured the Risk and Operations teams to ensure that our risk management processes are as rigorous as they can be and that we can adapt quickly to a changing situation
- we are putting particular emphasis on managing Clients operating in higher risk sectors
- we have enhanced our management reporting and analysis to early detect potential issues arising
- we are conducting regular Client surveys to determine how they are forecasting ahead and what impact this will have on our own forecasts
- we remain open for new business and continue to invest in our origination team
- we have introduced certain overhead reduction measures
- we will continually review our forecasts and alternative scenarios as the year progresses

The alternative scenarios that we have prepared include both a more optimistic view of the year ahead and a more pessimistic view. The pessimistic view assumes that each of the key risks noted above will be broadly 25% worse than included in the new forecasts. Even at the pessimistic scenario we are still able to demonstrate that the Company and Group can continue to operate within its financial covenants. The Board considers this pessimistic scenario to be possible but very unlikely.

To date in the financial year ended 31 March 2021 most of our key performance indicators including EBITDA are ahead of our revised forecasts. We have continued to sign new business, including the writing of CBILS facilities for existing and new Clients. To date there have been no new bad debt issues arising. We have continued to operate within our various financial and operational bank covenants and have successfully negotiated an extension to our banking facilities to cover the next 3



# **Independent Growth Finance Limited**

## **Notes forming part of the Financial Statements for the year ended 31 March 2020**

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financial years and beyond and fund the next stage of our development.

Our shareholders have indicated their willingness to continue to provide financial support, although we do not anticipate further funding will be required in the next year.

In conclusion, it is the Board's reasonable expectation that the Group and Company will have adequate resources to continue to operate for the foreseeable future and accordingly continue to adopt the going concern basis in preparing these financial statements.

### **Basis of Consolidation**

The consolidated financial statements present the results of Independent Growth Finance Limited, its subsidiary undertaking IGF Group Services Limited, and its subsidiary undertakings (the "Group"). Intercompany transactions and balances between Group companies are eliminated in full on consolidation. The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at fair value at the acquisition date.

The results of acquired operations are included in the consolidated statement of comprehensive loss from the date on which control is obtained. They are deconsolidated from the date control ceases.

### **Turnover**

Turnover represents amounts receivable for the rendering of services net of VAT and trade discounts. Where a service is provided for a fixed or minimum fee, this is recognised on a straight-line basis over the term of the contract. Interest and discount income is calculated daily on the outstanding balance of each Client's account with the Company, and is recognised each month when it is charged to the Client's account.

### **Goodwill**

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 5 years. Goodwill is being amortised to 'administrative expenses' over 5 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

# Independent Growth Finance Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2020

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### **Intangible assets and Amortisation**

Separately acquired intangible assets are measured at cost less any accumulated amortisation and impairment losses. Cost comprises purchase price and any directly attributable cost of preparing the asset for its intended use. On acquiring another Group undertaking, an intangible asset was recognised on the value of Customer contracts existing at the date of acquisition. Intangible assets are amortised over their expected useful lives as follows:

- Licensed software - straight line over 3 to 5 years
- Customer contracts - straight line over 3 years
- Goodwill - straight line over 5 years

### **Tangible fixed assets and Depreciation**

Tangible fixed assets are included at cost less depreciation and impairment. Cost comprises purchase cost and any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives as follows:

- Leasehold improvements - straight line over the period of the lease
- Fixtures, fittings and equipment - straight line over 3 to 5 years

### **Investments in Subsidiaries**

Investments in subsidiary undertakings are measured at cost less accumulated impairment.

### **Financial Instruments**

Loans and receivables, trade and other receivables and bank balances are categorised as basic financial instruments and initially accounted for at amortised cost, being their transaction price (including transaction costs). Subsequently they are measured using the effective interest method.

Amounts due under revolving credit facilities are classified as falling due within one year due to the nature of the line of credit. For instruments expected to be settled within one year, they shall be measured at the undiscounted amount of cash expected to be received or paid.

At the end of each reporting period financial assets measured at amortised costs are assessed for objective evidence of impairment.

Finance costs are charged to profit and loss over the term of the debt instrument.

### **Reserves**

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued; and
- Profit and loss account represents cumulative profits or losses, net of any adjustments.

# **Independent Growth Finance Limited**

## **Notes forming part of the Financial Statements for the year ended 31 March 2020**

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### **Leased assets**

Assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors. Finance charges are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

### **Pension costs**

Contributions to employee's defined contribution group pension plans are charged to profit or loss in the period in which they become payable.

### **Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the end of the reporting period and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

### **Deferred taxation**

Deferred taxation balances are recognised in respect of all timing differences that have originated but not reversed by the end of the reporting period. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date. The deferred tax balance has not been discounted.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and demand deposits.

### **Foreign currency translation**

The financial statements are presented in 'sterling', which is the Company's functional and presentation currency. Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

# Independent Growth Finance Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2020

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

a) In preparing these financial statements, the Directors have made the following judgements:

#### Classification of leases

The Directors must determine whether leases entered into by the Company and Group are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

#### Goodwill and intangibles

Determine whether there are indicators of impairment on the goodwill and intangible assets of the Company and Group. Factors taken into consideration are the Group's business plans and forecasts. The Group is required to undergo an assessment of future viability of asset grouped at the lowest level of which they are separately identifiable cash flows (cash-generating units). Other judgements related to the forecast cash flows and discount rate applied in the value in use calculation.

b) In addition to Covid-19 uncertainty noted on page 13 where the judgement of Management was used in preparing forecasts used for going concern purposes, keys sources of estimation uncertainty include:

#### Recoverability of debtors

The Company and Group has recognised a provision on certain trade debtors. The recoverability of debtors is assessed on a case-by-case basis. The provision is based on the Directors' best estimate of the recoverability and ultimate realisation of each of the balances owed. The recoverability of debtors is subject to the outcome of future events, and therefore may differ from the estimated amount.

### 4. Turnover

#### Analysis by category:

|   | 2020<br>£         | 2019<br>£        |
|---|-------------------|------------------|
| <b>Revenue arising from:</b>                |                   |                  |
| • the rendering of services                 | 6,990,238         | 6,202,028        |
| • interest and discount charges             | 4,065,817         | 3,160,462        |
|   | <u>11,056,055</u> | <u>9,362,490</u> |
| <br><b>Analysis by geographical market:</b> |                   |                  |
| United Kingdom                              | <u>11,056,055</u> | <u>9,362,490</u> |

Turnover is wholly attributable to the principal activities of the Group.

# Independent Growth Finance Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2020

### 5. Operating profit

Operating profit is arrived at after charging:

|  | 2020<br>£ | 2019<br>£ |
|--|-----------|-----------|
| Operating lease rentals:                             |           |           |
| • Land and buildings                                 | 171,162   | 151,255   |
| • Motor vehicles                                     | 6,193     | 23,488    |
| Amortisation of intangible assets (see note 11)      |           |           |
| • Goodwill arising on acquisition                    | 49,917    | 49,918    |
| • Value of Customer contracts arising on acquisition | 11,422    | 137,056   |
| • Licensed software                                  | 27,961    | 19,047    |
| Depreciation of tangible fixed assets (see note 12)  |           |           |
| • owned assets                                       | 80,490    | 52,186    |
| • assets held under finance leases                   | -         | 1,953     |
| Fees payable to the Company's auditors for:          |           |           |
| • the audit of the Group's annual accounts           | 51,350    | 37,000    |
| • tax advisory services                              | 16,995    | 17,000    |

### 6. Employees

Staff costs (including Directors) consists of:

|   | 2020<br>£        | 2019<br>£        |
|---|------------------|------------------|
| Wages and salaries                          | 3,130,446        | 3,462,565        |
| Social security costs                       | 355,949          | 421,419          |
| Cost of defined contribution pension scheme | 312,997          | 281,374          |
|   | <u>3,799,392</u> | <u>4,165,358</u> |

A defined contribution scheme is operated by IGF Group Services Limited, who hold the contracts of all employees of the Group. The assets of the scheme are held separately from those of the Group in an independently administered fund. Pension contributions of £25,734 (2019: £22,437) were payable at the end of the reporting period.

The average number of employees (including Directors) during the period was 45 (2019: 49).

# Independent Growth Finance Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2020

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### 7. Directors' remuneration

The Directors are the only key management personnel who are subject to remuneration as detailed below. The Directors of the Company are directly remunerated by a Subsidiary Undertaking.

|              | 2020    | 2019    |
|--------------|---------|---------|
|              | £       | £       |
| Remuneration | 323,171 | 382,451 |

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Emoluments of the highest paid Director were £153,457 (2019: £172,451). One Director of the Company is accruing retirement benefits under the Group defined contribution scheme (2019: none).

### 8. Interest payable and similar charges

|   | 2020      | 2019      |
|---|-----------|-----------|
|   | £         | £         |
| Discount charges on Finance Facility              | 1,926,116 | 1,410,315 |
| Interest payable on Investor Loan Notes           | 2,742,679 | 1,876,138 |
| Amortisation of fees paid in respect of financing | 187,339   | 139,467   |
| Finance charges payable under finance leases      | -         | 138       |
| Other   | -         | 75        |
|   | 4,856,134 | 3,426,133 |

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# Independent Growth Finance Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2020

### 9. Taxation on loss on ordinary activities

|   | 2020<br>£     | 2019<br>£       |
|---|---------------|-----------------|
| <b>(a) Analysis of charge in the period:</b>  |               |                 |
| <b>Domestic current year tax</b>  |               |                 |
| UK corporation tax on loss for the period   | -             | -               |
|   | -             | -               |
| <b>Deferred tax</b>   |               |                 |
| Origination and reversal of timing differences  | 153,104       | (80,399)        |
| Adjustments in respect of previous periods  | -             | (3,670)         |
| Effect of tax rate change on opening balance  | (74,100)      | -               |
|   | 79,004        | (84,069)        |
| <b>Taxation on loss on ordinary activities</b>  | <b>79,004</b> | <b>(84,069)</b> |
| <b>(b) Factors affecting the tax charge for the period:</b>                                       |               |                 |
| Loss on ordinary activities before tax  | (2,230,968)   | (2,669,980)     |
| Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 – 19%) | (423,883)     | (507,296)       |
| <b>Effects of:</b>  |               |                 |
| Expenses not deductible for tax purposes  | 576,759       | 411,062         |
| Fixed asset differences   | -             | 6,376           |
| Adjustments in respect of previous periods:   | -             |                 |
| - Deferred tax  |               | (3,670)         |
| Adjust closing deferred tax to average rate   | -             | 9,459           |
| Adjust opening deferred tax to average rate   | (73,872)      | -               |
| <b>Taxation on loss on ordinary activities</b>  | <b>79,004</b> | <b>(84,069)</b> |

# Independent Growth Finance Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2020

### 10. Investment in Subsidiary Undertakings

The interests of the Company in its subsidiary undertakings was as follows:

|                                     | 2020 | 2019 |
|-------------------------------------|------|------|
|                                     | £    | £    |
| Brought forward and carried forward | 1    | 1    |

Details of the Company's subsidiary undertakings are included in note 19.

### 11. Intangible assets

| Group only              | Goodwill on acquisition | Customer Contracts | Software licenses | Total          |
|-------------------------|-------------------------|--------------------|-------------------|----------------|
|                         | £                       | £                  | £                 | £              |
| <b>Cost</b>             |                         |                    |                   |                |
| At 1 April 2019         | 249,590                 | 411,170            | 88,066            | 748,826        |
| Additions               | -                       | -                  | 48,889            | 48,889         |
| <b>At 31 March 2020</b> | <b>249,590</b>          | <b>411,170</b>     | <b>136,955</b>    | <b>797,715</b> |
| <b>Amortisation</b>     |                         |                    |                   |                |
| At 1 April 2019         | 145,594                 | 399,748            | 57,717            | 603,059        |
| Provision for the year  | 49,917                  | 11,422             | 27,961            | 89,300         |
| <b>At 31 March 2020</b> | <b>195,511</b>          | <b>411,170</b>     | <b>85,678</b>     | <b>692,359</b> |
| <b>Net book value</b>   |                         |                    |                   |                |
| <b>At 31 March 2020</b> | <b>54,079</b>           | <b>-</b>           | <b>51,277</b>     | <b>105,356</b> |
| At 31 March 2019        | 103,996                 | 11,422             | 30,349            | 145,767        |

Software licences purchased for use by the Group are recognised as intangible assets.



# Independent Growth Finance Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2020

### 12. Tangible assets

| Group only              | Leasehold<br>improve-<br>ments | Fixtures,<br>fittings &<br>equipment | Total          |
|-------------------------|--------------------------------|--------------------------------------|----------------|
|                         | £                              | £                                    | £              |
| <b>Cost</b>             |                                |                                      |                |
| At 1 April 2019         | 21,849                         | 224,378                              | 246,227        |
| Additions               | -                              | 63,443                               | 63,443         |
| <b>At 31 March 2020</b> | <b>21,849</b>                  | <b>287,821</b>                       | <b>309,670</b> |
| <b>Depreciation</b>     |                                |                                      |                |
| At 1 April 2019         | 10,161                         | 96,181                               | 106,342        |
| Provision for the year  | 4,517                          | 75,973                               | 80,490         |
| <b>At 31 March 2020</b> | <b>14,678</b>                  | <b>172,154</b>                       | <b>186,832</b> |
| <b>Net book value</b>   |                                |                                      |                |
| <b>At 31 March 2020</b> | <b>7,171</b>                   | <b>115,667</b>                       | <b>122,838</b> |
| At 31 March 2019        | 11,688                         | 128,197                              | 139,885        |

# Independent Growth Finance Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2020

### 13. Debtors

|  | Group              |                   | Company           |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | 2020               | 2019              | 2020              | 2019              |
|  | £                  | £                 | £                 | £                 |
| <b>Amounts falling due within one year:</b>          |                    |                   |                   |                   |
| Trade Debtors  | 100,209,668        | 76,514,415        | -                 | -                 |
| Group Debtors  | -                  | -                 | 343,472           | -                 |
| Deferred tax assets (note 16)                        | 548,904            | 627,908           | -                 | -                 |
| Other debtors  | 99,663             | 137,766           | -                 | -                 |
| Accrued income                                       | 5,000              | 139,629           | -                 | -                 |
| Prepayments  | 488,533            | 854,628           | 364,315           | 684,807           |
|  | <u>101,351,769</u> | <u>78,274,346</u> | <u>707,787</u>    | <u>684,807</u>    |
| <b>Amounts falling due after more than one year:</b> |                    |                   |                   |                   |
| Amounts owed by group undertakings                   | -                  | -                 | 37,694,281        | 30,664,125        |
| Trade Debtors  | 12,230,512         | 10,927,655        | -                 | -                 |
|  | <u>12,230,512</u>  | <u>10,927,655</u> | <u>37,694,281</u> | <u>30,664,125</u> |

The Company charged a rate of interest of 8.8% on long term amounts owed by Group undertakings (2019: 8.5%).

# Independent Growth Finance Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2020

### 14. Creditors: amounts falling due within one year

|                                    | Group             |                   | Company          |                  |
|------------------------------------|-------------------|-------------------|------------------|------------------|
|                                    | 2020              | 2019              | 2020             | 2019             |
|                                    | £                 | £                 | £                | £                |
| Amounts owed to group undertakings | -                 | -                 | 972,232          | 1,058,467        |
| Bank loans and overdrafts          | 2,106,455         | 1,252,547         | -                | -                |
| Finance facility (secured)         | 80,606,130        | 62,140,993        | -                | -                |
| Trade creditors                    | 184,867           | 53,980            | -                | -                |
| Deferred income                    | 691,142           | 621,930           | -                | -                |
| Other creditors                    | 2,436,572         | 2,260,559         | 205,265          | 130,674          |
| Taxation and social security       | 413,905           | 320,754           | 51,317           | 32,665           |
| Accruals                           | 1,178,552         | 1,017,475         | 418,609          | 306,103          |
|                                    | <b>87,617,622</b> | <b>67,668,238</b> | <b>1,647,423</b> | <b>1,527,909</b> |

The finance facility is secured by a debenture over the assets of Group Companies. Since the year end the Group has successfully negotiated an extension to this facility (note 22). Due to the confidential nature of this agreement, the applicable discount rate has not been disclosed.

### 15. Creditors: amounts falling due after more than one year

|                                   | Group             |                   | Company           |                   |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                   | 2020              | 2019              | 2020              | 2019              |
|                                   | £                 | £                 | £                 | £                 |
| Investor Loan notes (secured)     | 36,560,179        | 29,661,791        | 36,560,179        | 29,661,791        |
| Management Loan notes (unsecured) | 207,958           | 231,838           | 207,958           | 231,838           |
|                                   | <b>36,768,137</b> | <b>29,893,629</b> | <b>36,768,137</b> | <b>29,893,629</b> |

Creditors all fall due within five years.

Investor Loan notes of £5,000,000 were issued during the year. The balance at the end of the period includes the principal amounts of the loans of £32,500,000 (2019: £27,500,000), and accrued interest of £4,797,877 (2019: £2,911,826) payable on redemption, less capitalised fees paid but not yet amortised. The Investor Loan notes are issued at a fixed rate of interest of 8% on the first £20,000,000 drawn and 10% on loans drawn thereafter, and are redeemable on 31 March 2023.

The Management Loan notes are issued interest free and are redeemable on 31 March 2023.

# Independent Growth Finance Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2020

### 16. Deferred tax

The deferred tax asset (included in debtors, note 13) is made up as follows:

|   | Group          |                | Company  |          |
|---|----------------|----------------|----------|----------|
|   | 2020           | 2019           | 2020     | 2019     |
|   | £              | £              | £        | £        |
| Brought forward                                 | 627,908        | 543,839        | -        | -        |
| Profit and loss account (note 9)                | (79,004)       | 84,069         | -        | -        |
|   | <u>548,904</u> | <u>627,908</u> | <u>-</u> | <u>-</u> |
| Analysed as:                                    |                |                |          |          |
| Fixed asset timing differences                  | 10,767         | (5,179)        | -        | -        |
| Other timing differences                        | (4,263)        | 1,871          | -        | -        |
| Tax losses carried forward and other deductions | (555,408)      | 631,216        | -        | -        |
|   | <u>548,904</u> | <u>627,908</u> | <u>-</u> | <u>-</u> |

### 17. Obligations under operating lease contracts

#### Group Only

|   | Land and Buildings |                  | Other leases |              |
|---|--------------------|------------------|--------------|--------------|
|   | 2020               | 2019             | 2020         | 2019         |
|   | £                  | £                | £            | £            |
| <b>Total of future minimum lease payments under non-cancellable operating leases:</b> |                    |                  |              |              |
| • Payable not later than one year   | 101,185            | 84,193           | -            | 2,906        |
| • later than one year and not later than five years                                   | 585,363            | 527,267          | -            | -            |
| • Later than five years   | 480,390            | 626,631          | -            | -            |
|   | <u>1,166,938</u>   | <u>1,238,091</u> | <u>-</u>     | <u>2,906</u> |

# Independent Growth Finance Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2020

### 18. Called up share capital

Allotted, called-up and fully paid

|                          | 2020<br>£  | 2019<br>£  |
|--------------------------|------------|------------|
| 100,000 ordinary shares: |            |            |
| Brought forward          | 603        | 596        |
| Issued during the year   | -          | 7          |
| <b>Carried forward</b>   | <b>603</b> | <b>603</b> |

### 19. Subsidiary Undertakings

Set out below are the subsidiary undertakings of the Company, which are all incorporated in England and Wales. All shares held are voting ordinary equity shares.

| Name of subsidiary:        | Company registration number | Principal activity                       | Holding |
|----------------------------|-----------------------------|--|---------|
| IGF Group Services Limited | 10078513                    | Holding company and management services. | 100%    |

IGF Group Services Limited administers the employee contracts and significantly all of the assets, supplier relationships and lease agreements on behalf of Group companies. Below are the principal subsidiary undertakings of IGF Group Services Limited, which are all incorporated in England and Wales.

| Name of subsidiary:           | Company registration number | Principal activity   | Holding |
|-------------------------------|-----------------------------|--|---------|
| IGF Invoice Finance Limited * | 02252311                    | Receivables finance, asset based lending and sales ledger management services. | 100%    |
| IGF Business Credit Limited   | 10078965                    | Receivables finance, asset based lending and sales ledger management services. | 100%    |

\* IGF Invoice Finance Limited holds 100% of the share capital in Lawson Brown Associates Limited, a dormant company not included within the Group consolidated accounts incorporated in England and Wales (registration number 05541188). The registered address of all subsidiary undertakings is Kingsgate, High Street, Redhill RH1 1SG.

# Independent Growth Finance Limited

## Notes forming part of the Financial Statements for the year ended 31 March 2020

### 20. Notes to the Consolidated Statement of Cash Flow

#### Group only

|   | Note | 2020<br>£           | 2019<br>£           |
|---|------|---------------------|---------------------|
| <b>Cash flows from operating activities was as follows:</b> |      |                     |                     |
| Loss on ordinary activities before taxation                 |      | (2,230,968)         | (2,669,980)         |
| Net interest payable  | 8    | 4,856,134           | 3,426,133           |
| <b>Operating Profit</b>                                     |      | <b>2,625,166</b>    | <b>756,153</b>      |
| Amortisation of intangible assets                           | 11   | 89,300              | 206,021             |
| Depreciation of tangible assets                             | 12   | 80,490              | 54,139              |
| Loss on disposal of tangible assets                         | 12   | -                   | 4,144               |
| Increase in trade and other debtors                         | 13   | (24,459,286)        | (23,581,952)        |
| Increase in trade and other creditors                       | 14   | 630,340             | 1,469,451           |
| <b>Net cash used from operating activities</b>              |      | <b>(21,033,991)</b> | <b>(21,092,044)</b> |

### 21. Financial Instruments

#### Group only

|  | 2020<br>£   | 2019<br>£  |
|--|-------------|------------|
| <b>The Group's financial instruments may be analysed as follows:</b> |             |            |
| <b>Financial Assets:</b>   |             |            |
| Assets measured at amortised cost                                    | 112,843,141 | 87,831,666 |
| <b>Financial Liabilities:</b>  |             |            |
| Liabilities measured at amortised cost                               | 123,280,714 | 96,619,183 |

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, bank overdrafts, bank finance facility, investor loan notes, management loan notes, accruals, obligations under finance leases and other creditors.

# **Independent Growth Finance Limited**

## **Notes forming part of the Financial Statements for the year ended 31 March 2020**

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### **22. Events after the reporting period**

Since the year end we have successfully negotiated the extension of our bank facilities to cover the next 3 financial years and beyond.

### **23. Related party transactions**

The Company has taken advantage of the provisions of paragraph 33.1A of FRS 102 not to disclose details of transactions with other Group undertakings which are 100% owned within the Group.

During the year the Company issued secured Investor Loan notes of £5,000,000 to Spring Ventures Group Investments Limited (2019: £12,500,000). Fees of 175,000 were payable to Spring Ventures Group Investments Limited on issue of the loan notes (2019: £437,500). Interest paid or payable of £2,742,679 was incurred in respect of the Investor loan notes (2019: 1,876,138), payable to Spring Ventures Group Investments Limited.

During the year the Company paid £50,000 to Spring Ventures LLP for the provision of the services of Non-Executive Board Directors (2019: £50,000).

During the year the company redeemed a net £23,880 of unsecured Management loan notes from various Directors and Senior Managers in the Group (2019: receipts of £29,562). These loan notes are issued free of interest.

Details of the remuneration paid to key management is included in note 7.

### **24. Ultimate parent Company**

The Company is the biggest and smallest entity in the Group to prepare consolidated financial statements.

At the reporting date, the immediate Parent Company is Spring Ventures Nominees Limited, a company incorporated in England and Wales, who own 60% and control 55.3% of the share capital of the Company as nominee for Spring Ventures Group Investments Limited, registered in the British Virgin Islands.