

REGISTERED NUMBER: 13522160 (England and Wales)

**Perch Holdco Limited**  
**Group Annual Report and**  
**Financial Statements for the**  
**Year Ended 31 March 2023**



**Perch Holdco Limited (Registered number: 13522160)**

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for the year ended 31 March 2023**

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**Perch Holdco Limited (Registered number: 13522160)**

**Company Information**  
for the year ended 31 March 2023

**DIRECTORS:**

CA Hinchliffe  
A Bartle (Appointed 28<sup>th</sup> April 2022)  
G Edwards (Appointed 28<sup>th</sup> April 2022)  
SP Unsworth (Appointed 28<sup>th</sup> April 2022)  
M Houghton (Appointed 28<sup>th</sup> April 2022)  
MA Robins (Appointed 13<sup>th</sup> October 2022)  
SP Baker (Appointed 28<sup>th</sup> April 2022 – Resigned  
13<sup>th</sup> October 2022)

**REGISTERED OFFICE:**

Unit 10 Whitehills Drive  
Whitehills Business Park  
Blackpool  
Lancashire  
FY4 5LW

**REGISTERED NUMBER:**

13522160 (England and Wales)

**AUDITORS:**

PKF Littlejohn LLP  
3rd Floor, One Park Row  
Leeds  
LS1 5HN  
United Kingdom

## **Perch Holdco Limited (Registered number: 13522160)**

### **Group Strategic Report for the year ended 31 March 2023**

The Directors present their strategic report (as articulated in chapter 4A of the Companies Act 2006) of the company and the group for the year ended 31 March 2023.

#### **REVIEW OF BUSINESS**

The primary revenues of the group are generated from collections received on acquired non-performing loan portfolios.

The group provides the following services through its subsidiaries and joint venture:

##### **Debt purchase**

Perch Capital Ltd is a specialist purchaser of typically non-performing loans from a range of UK companies.

##### **Debt collection**

ACI-UK Ltd (ACI) is an FCA regulated debt collection company that works to agree affordable and sustainable payment arrangements with customers on behalf of its clients. It has an award-winning Specialist Support Team that can create bespoke solutions for each circumstance and ensures that customers are treated sympathetically to achieve fair outcomes for all.

##### **Litigation services**

TM Legal Services Ltd (TMLS) is an SRA regulated firm of Solicitors that specialises in the litigation and enforcement of consumer debts on behalf of its clients.

##### **Field connection**

FieldConnect Limited is a technology-driven services company dedicated to connecting clients with their customers, utilising a team of more than 150 field agents. This business was sold during FY23.

##### **Perch Verify Limited**

Perch Verify Limited is a services company which did not trade during the financial year.

##### **FY23 performance**

FY23 has been a record year in investment with portfolio purchases totalling £26.6m (FY22: £14m). The majority of the investments (circa. £17.2m) were finalised in the latter half of the year with a focus on diversifying the loan portfolio investments.

##### **KPIs**

Perch HoldCo acquired Perch Group Limited (previously the ultimate parent of the group) during the financial year. Therefore, comparative information disclosed for FY22 relate to the results of Perch Group Limited.

- o Turnover of £23.7m (FY22: £14.0m)
- o Targeted investment in new portfolios weighted to the second half of the financial year, resulted in collections achieving a monthly run rate of £3.0m (FY22: £2.1m).
- o Estimated Remaining Collections ("ERC") has risen to £94.7m (2022: £49.9m).
- o PBT of £5.1m has increase 142% on (FY22 £2.1m) which is a result of increased growth, financial restructuring following the MBO offset against infrastructure costs as the business prepares for growth following the investment in new loan portfolios.

Key performance indicators of acquired portfolios include forecast net IRR, net money multiple and expected payback period, all of which are targeted and monitored closely. Total collections, profitability, and ERC are key financial metrics. Complaint volumes, Financial Ombudsman ("FOS") referrals, and FOS uphold rates are also key performance indicators.

The increase in ERC is an important indicator since it provides the base for future earnings and collections growth.

## **Perch Holdco Limited (Registered number: 13522160)**

### **Group Strategic Report for the year ended 31 March 2023**

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **Business risk**

The Group has one subsidiary, ACI-UK Limited, which is regulated by the FCA as a debt collection agency and one subsidiary, TM Legal Services Limited, which is authorised and regulated by the SRA and as such has an internal framework to address the related risks. The Group has a robust Corporate Governance framework and Compliance function which work alongside Operational Strategy.

##### **Liquidity risk**

Liquidity risk is the risk to earnings or capital arising from an inability to meet obligations when they become due. It includes the risk of being unable to manage unplanned decreases or changes in funding sources and any failure to recognise and address changes in market conditions that could affect the ability to liquidate assets quickly, with minimum value loss, if necessary. The Group has robust processes to manage liquidity risk and to ensure adequate funding and liquidity exists to execute its strategy.

##### **Credit risk**

The Group generally acquires loan portfolios at a significant discount to face value for a wide range of customers and so has a much-reduced exposure to credit risk. The Group analyses the operational performance of its acquired portfolios at both an aggregate and account level. This analysis gives early warning of changes in collections behaviour that informs collection strategy.

##### **Interest rate risk (IRR)**

The Group secured debt facility is benchmarked to Sterling Overnight Index Average (SONIA). We consider the risk of exposure to movements in interest rates and consider that the interest rate sensitivity of the Group is minimal at the current time.

##### **OUTLOOK**

The Group is looking forward to capitalising on strong growth in 2023 and hopes to work with several new partners across the marketplace as it works to establish itself as the leading mid-market debt purchaser.

##### **Going concern**

The Financial Statements have been prepared on a going concern basis which the directors consider to be appropriate.

The Directors are of the opinion that the Group will have sufficient funds to meet its liabilities as they fall due. After reviewing the Group's forecasts and projections, which cover the 12-month period from the date of signing the financial statements, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. These forecasts and projections have considered a downside scenario in sales & collection levels; however, management have also identified mitigating actions that could be taken to ensure that the Group has sufficient funds to meet liabilities as they fall due over the next 12 months. At the balance sheet date, the Group had £38.7m in outstanding loans which are subject to a debt equity covenant that is measured on a monthly basis. Management are confident the agreed covenant will be met throughout the outlook period. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Based on these indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

##### **Subsequent events**

There have been no subsequent events of a material nature required to be disclosed.

  
CA Hinchliffe - Chief Executive Officer  
28<sup>th</sup> August 2023

## **Perch Holdco Limited (Registered number: 13522160)**

### **Report of the Directors for the year ended 31 March 2023**

The Directors present their report with the financial statements of the company and the group for the year ended 31 March 2023.

#### **DIVIDENDS**

Dividends received during the year ended 31 March 2023 in relation to Field Connect Limited. During the financial year Field Connect Limited created £97,811 of profit after tax, of which dividends of £78,363 were distributed to Perch Group Limited, illustrated in these financial statements.

#### **DIRECTORS**

CA Hinchliffe held office during the whole of the period from 1 April 2022 to the date of this report.

Other changes in Directors holding office are as follows:

MA Robins, A Bartle, G Edwards, SP Unsworth, and M Houghton were appointed as directors after 31 March 2022 but prior to the date of this report. SP Baker was appointed as a Director and resigned within the financial period.

#### **Share Capital**

The Companies Act 2006 no longer requires companies to have an authorised share capital.

The total issued share capital at the end of the year and the outstanding share options are given in note 19 to the Consolidated Financial Statements.

#### **Directors' Indemnities**

As permitted by the Companies Act 2006, the Company has indemnified the directors in respect of proceedings brought by third parties and qualifying third party indemnity insurance was in place throughout the year and up to the date of approval of the financial statements.

#### **Post balance sheet events**

The Directors do not believe any post balance sheet events require disclosing in the financial statements.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the 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;
- applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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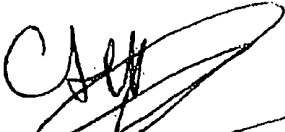
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, PKF Littlejohn LLP, are deemed to be appointed under section 487(2) of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**



CA Hinchliffe - Chief Executive Officer  
28<sup>th</sup> August 2023

## **Perch Holdco Limited (Registered number: 13522160)**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERCH HOLDCO LIMITED**

#### **Opinion**

We have audited the financial statements of Perch Holdco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of comprehensive income, the consolidated statement of other comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2023 and of the group's profit for the year then ended;
- the group 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 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**

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

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

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

#### **Other information**

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

We have nothing to report in this regard.



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

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

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group and 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 company or to cease operations, or have no realistic alternative but to do so.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from Companies Act 2006, the rules of the Financial Conduct Authority (FCA), FRS 102 and UK taxation regulations. A group subsidiary is authorised and regulated by the FCA and we considered the extent to which non-compliance with the FCA regulations might have a material effect on the group's financial statements.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
  - Enquiries of management of any known, or suspected instances of non-compliance by the group of those laws and regulations;

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- o Review of minutes of the Board of Directors;
- o Review of any legal fees; and
- o Review of any legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in relation to the valuation of the loan portfolios and turnover generated from these portfolios. We addressed this by challenging the assumptions and judgements made by management when auditing these significant accounting estimates.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*M. R. Watson*

**Martin Watson (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

3<sup>rd</sup> Floor, One Park Row  
Leeds  
LS1 5HN

28<sup>th</sup> August 2023

**Perch Holdco Limited (Registered number: 13522160)**

**Consolidated Statement of Comprehensive Income**

for the year ended 31 March 2023

		2023
	Notes	£
<b>TURNOVER</b>	3	23,666,766
Cost of sales	4	6,682,003
<b>GROSS PROFIT</b>		<u>16,984,763</u>
Administrative expenses		9,011,532
		<u>7,973,231</u>
Other operating income		0
<b>OPERATING PROFIT</b>	6	<u>7,973,231</u>
		7,973,231
Interest payable and similar expenses	7	<u>2,866,443</u>
<b>NET PROFIT</b>		<u>5,106,788</u>
Profit from disposal of Joint Venture	8	78,363
<b>PROFIT BEFORE TAXATION</b>		<u>5,185,151</u>
Tax on profit	10	1,292,739
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>3,892,412</u></u>

**Consolidated Statement of Other Comprehensive Income**

for the year ended 31 March 2023

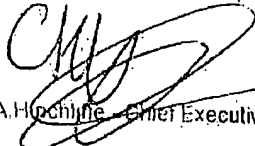
	Notes	2023
		£
<b>Profit for the year</b>		3,892,412
		<u>3,892,412</u>
<b>Total comprehensive income for the year</b>		<u>3,892,412</u>
Total comprehensive income attributable to:		
Owners of the parent		3,892,412
Non-controlling interests		0
		<u>3,892,412</u>

**Perch Holdco Limited (Registered number: 13522160)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**

	Notes	£	2023 £
<b>FIXED ASSETS</b>			
Intangible assets	11		9,005,344
Tangible assets	12		127,378
Investments	13		0
Investments in joint venture			0
			<b>9,132,722</b>
<b>CURRENT ASSETS</b>			
Debtors	14	58,831,820	
Cash at bank		<u>1,848,152</u>	
		<b>60,679,972</b>	
<b>CREDITORS</b>			
Amounts falling due within one year	15	<u>57,149,066</u>	
<b>NET CURRENT ASSETS</b>			<b>3,530,906</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>12,663,628</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15		(8,538,038)
<b>PROVISIONS FOR LIABILITIES</b>	20		<u>(233,000)</u>
<b>NET ASSETS</b>			<b>3,892,588</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21		176
Retained earnings	22		<u>3,892,412</u>
<b>SHAREHOLDERS' FUNDS</b>			<b>3,892,588</b>
<b>NON-CONTROLLING INTERESTS</b>	23		0
<b>TOTAL EQUITY</b>			<b>3,892,588</b>

The Financial Statements were approved by the Board of Directors and authorised for issue on 28<sup>th</sup> August and were signed on its behalf by:

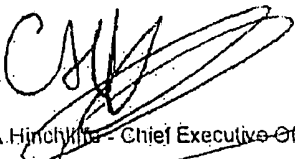
  
 C.A. Hochlyne - Chief Executive Officer

**Perch Holdco Limited (Registered number: 13522160)****Company Statement of Financial Position**

31 March 2023

		2023	2022
	Notes	£	£
<b>CURRENT ASSETS</b>			
Debtors	14	12,733,458	
Cash at bank		155	61
		<u>12,733,613</u>	<u>61</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	12,810,229	99
<b>NET CURRENT LIABILITIES</b>		<u>(76,616)</u>	<u>(38)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(76,616)</u>	<u>(38)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	176	1
Retained earnings	21	<u>(76,792)</u>	<u>(39)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>(76,616)</u>	<u>(38)</u>
Company's (loss)/profit for the financial year		<u>(76,578)</u>	<u>(38)</u>

The financial statements on pages 15 to 31 were authorised for issue by the board of directors on 28<sup>th</sup> August 2023 and were signed on its behalf by,

  
CA Hinchy - Chief Executive Officer

**Perch Holdco Limited (Registered number: 13522160)**

**Consolidated Statement of Changes in Equity**  
for the year ended 31 March 2023

	Called up share capital	Retained earnings	Total	Total equity
	£	£	£	£
<b>Balance at 1 April 2022</b>	<b>1</b>	<b>(39)</b>	<b>(38)</b>	<b>(30)</b>
Minority interest brought forward				
Issued share capital	175		175	175
Total comprehensive income		3,892,412	3,892,412	3,892,412
<b>Balance at 31 March 2023</b>	<b>176</b>	<b>3,883,528</b>	<b>3,802,588</b>	<b>3,892,588</b>

**Perch Holdco Limited (Registered number: 13522160)**

**Company Statement of Changes in Equity  
for the year ended 31 March 2023**

	Called up share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 April 2022	0	0	0
Issued share capital	1		
Total comprehensive income		(39)	
Balance at 31 March 2022	1	(39)	(38)
Changes in equity			
Issued share capital	175		
Total comprehensive income		(76,753)	(76,578)
Balance at 31 March 2023	176	(76,792)	(76,616)

**Perch Holdco Limited (Registered number: 13522160)**

**Consolidated Cash Flow Statement**  
**for the year ended 31 March 2023**

**2023**

**£**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Profit for the financial year

3,892,412

**Adjustments for:**

Amortisation on intangible assets

1,061,840

Depreciation on tangible assets

70,507

Taxation Charge

1,292,739

(Increase) in prepayments, accrued income and other assets

(26,830,332)

Increase in accruals, deferred income and other liabilities

25,859,794

**Net Cash generated from Operating Activities**

**5,346,960**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of tangible fixed assets

(197,885)

Acquisition of subsidiaries

(6,000,000)

Purchase of portfolio assets

(36,062,275)

**Net cash generated from Investing Activities**

**(42,260,160)**

**CASH FLOWS FROM FINANCING ACTIVITIES**

Increase in loan and finance providers

38,761,115

Dividends paid

-

Issuance of share capital

175

**Net cash generated from financing activities**

**38,761,290**

**Total net increase in Cash**

**1,848,091**

Cash and cash equivalents at the beginning of the year

61

**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**

**1,848,152**

Cash and bank

1,848,152



## Perch Holdco Limited (Registered number: 13522160)

### Notes to the Consolidated Financial Statements for the year ended 31 March 2023

#### 1. STATUTORY INFORMATION

Perch Holdco Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the General Information page. The principal activity of the Company is to be the holding entity of Perch Group Limited.

The presentation currency of the Financial Statements is the Pound Sterling (£).

The amounts in the Financial Statements have been rounded to the nearest £1.

#### 2. ACCOUNTING POLICIES

##### Basis of preparing the financial statements

These Financial Statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The Financial Statements have been prepared under the historical cost convention.

##### Basis of consolidation

The consolidated Financial Statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full. The Company was not a parent entity in the financial period ended 31 March 2022 so consolidated results are being presented for the first time in 2023 in the consolidated financial statements and no prior period comparatives included.

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 their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In preparing the separate financial statements of Perch Holdco Limited, advantage has been taken of the following disclosure exemptions available in FRS 102 on the basis the information is included in the consolidated financial statements:

- the requirement to present a statement of cash flows and the related notes;
- financial instrument disclosures (except for intercompany balances) including:
  - categories of financial instruments;
  - items of income, expenses, gains or losses relating to financial instruments; and
  - exposure to and management of financial risks;

##### Going concern

The Financial Statements have been prepared on a going concern basis which the directors consider to be appropriate.

The Directors are of the opinion that the Group will have sufficient funds to meet its liabilities as they fall due. After reviewing the Group's forecasts and projections, which cover the 12-month period from the date of signing the financial statements, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. These forecasts and projections have considered a downside scenario in sales & collection levels; however, management have also identified mitigating actions that could be taken to ensure that the Group has sufficient funds to meet liabilities as they fall due over the next 12 months. At the balance sheet date, the Group had £38.7m in outstanding loans which are subject to a debt equity covenant that is measured on a monthly basis. Management are confident the agreed covenant will be met throughout the outlook period. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Based on these indications, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

## **Perch Holdco Limited (Registered number: 13522160)**

### **Notes to the Consolidated Financial Statements - continued** for the year ended 31 March 2023

#### **2. ACCOUNTING POLICIES - continued**

##### **Significant judgements and estimates**

The Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised.

60-month cashflow forecasts are prepared for each loan portfolio on a monthly basis. These forecasts are generated using statistical models incorporating several factors, including predictions of probability to pay, which is informed by customer and account level data, credit agency data and historic experience with accounts which have similar key attributes. A further key model input is previous payments made by a customer. Additionally, estimates are made of the movement of accounts from non-paying to paying, and vice-versa, either through breakdown of the account or settlement/pay down of the balances due. In relation to non-paying accounts, assumptions will be made as to which operational strategy is the most appropriate to move the account to paying status, which may include placing these accounts into litigation.

The Estimated Remaining Collections ("ERC") created from the ERC forecasting models, are regularly benchmarked at a portfolio level against actuals, which informs the decision as to whether a write-up or write-down may be required. An impairment is only recognised if the "write-downs" exceed any previously recognised cumulative write-ups and revenue recognised.

The estimated future cash flows generated by the above process are the key estimate/judgement in these Financial Statements.

##### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover for the Group comprises both income from purchased loan portfolios and fee income earned through the provision of legal services to clients.

Income from purchased loan portfolios represents the yield from acquired portfolio investments. Purchased loan portfolios are financial instruments that are accounted for under Section 11 of FRS 102 and recognised at fair value at the purchase date that equals the price paid. They are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method.

The EIR method is a method of calculating the amortised cost of a purchased loan portfolio and of allocating interest income over the expected life of the portfolio. The EIR is the rate that exactly discounts 60 months of estimated future cash receipts of the purchased portfolio asset to the net carrying amount at initial recognition (i.e. the price paid to acquire the asset).

Fee income from clients is recognised on an accrual's basis in the income statement.

##### **Cost of sales**

Cost of sales comprises of employee salaries and customer searches in respect to customer agreements.

##### **Administrative expenses**

Administrative expenses include all indirect costs incurred by the Group within the financial period.

##### **Interest payable and expenses**

Finance costs including interest payable are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## **Perch Holdco Limited (Registered number: 13622160)**

### **Notes to the Consolidated Financial Statements - continued**

for the year ended 31 March 2023

#### **2 ACCOUNTING POLICIES - continued**

##### **Intangible assets - goodwill**

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is estimated at ten years. The useful economic life of goodwill is reassessed on an annual basis.

##### **Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

##### **Tangible fixed assets**

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

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

Fixtures and fittings	- 25% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 25% on cost and 20% on cost

##### **Investments in subsidiaries**

Investments in subsidiaries are measured at cost less accumulated impairment in the separate financial statements of the Parent Company.

##### **Investments in joint venture**

A joint venture is an activity that is controlled jointly by the Group and one other investor under a contractual arrangement. The Group has investments in a joint venture established in a separate legal entity (a jointly controlled entity).

Investments in associates and joint ventures are recognised initially in the consolidated statement of financial position at cost (including transaction costs). Subsequently measured using the equity method and adjusted each period to reflect the investor's share of profit or loss and other comprehensive income.

##### **Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill (see note 9).

For the purpose of impairment testing, the goodwill acquired in a business combination is allocated, on acquisition date, to the Parent who acquired the business.

#### Financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. Basic financial assets, which include debtors, prepayments and bank balances, are initially measured at transaction price and are subsequently carried at cost unless the arrangement indicates otherwise and then the asset is measured at the present value of the future receipts discounted at a market rate of interest. Basic financial liabilities, which include creditors, accruals, bank loans and group borrowings, are initially recognised at transaction price and are subsequently carried at cost unless the arrangement indicates otherwise and then the liability is measured at the present value of the future obligations discounted at a market rate of interest.

#### Loan portfolios

##### 1. Effective interest rate

Portfolio income and expenses are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments, the Company estimates future cash flows considering the composition of the debt book (payers, non-payers, borrowers in debt management plans or individual voluntary arrangements) along with past performance of other similar financial instruments. The future cash flows are estimated for a 60-month period. This is the point by which substantially all the cash flows will have been received from a normal portfolio investment, and the point at which the Company is comfortable in forecasting to.

The calculation of the effective interest rate includes transaction costs and fees paid or received that are attributable to the acquisition or issue of a financial asset or financial liability, such as legal and due diligence fees, subject to de minimis.

##### ii. Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation, using the effective interest method, of any difference between that initial amount and the expected cash flows and, for financial assets, the 'gross carrying amount' of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

##### iii. Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset or to the amortised cost of the liability.

##### iv. Impairment losses on portfolios

The Group reviews its portfolios on a continuous basis to assess impairment in determining whether an impairment loss should be recorded, the Group is required to exercise judgement. Impairment allowances are calculated using historical areas experience, modelled credit risk characteristics and expected cash flows. Estimates are applied to determine prevailing market conditions and customer behaviour, predominantly taking account of the current rate of inflation and cost of living crisis. The accuracy of the allowances would therefore be affected by unexpected changes to these assumptions.

The Group has calculated these default rates from its experience over recent years.

## **Perch Holdco Limited (Registered number: 13522160)**

### **Notes to the Consolidated Financial Statements - continued**

for the year ended 31 March 2023

#### **2. ACCOUNTING POLICIES - continued**

##### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

##### **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours, with insignificant risk of change in value.

##### **Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

##### **Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

## Perch Holdco Limited (Registered number: 13522160)

### Notes to the Consolidated Financial Statements - continued for the year ended 31 March 2023

#### 3. TURNOVER

Analysis of Turnover by income stream	2023
	£
Collections from own debt portfolios	29,934,080
Contingent income	125,045
Amortisation	(6,392,359)
	<u>23,666,766</u>

#### 4. COST OF SALES

Analysis of Cost of Sales	2023
	£
Direct legal costs	2,072,935
Salaries inc. taxes & pension	1,807,667
Telephone & Software	1,617,569
Other direct costs	1,183,832
	<u>6,682,003</u>

#### 5. EMPLOYEES AND DIRECTORS

	2023
	£
Wages and salaries	5,106,363
Social security costs	398,575
Other pension costs	147,602
	<u>5,652,540</u>

The average number of employees during the year was as follows:

	2023
Management and administration	46
	<u>2023</u>
	£
Director's remuneration	1,033,431
Director's pension contributions to money purchase schemes	<u>32,628</u>

The highest paid director received emoluments of 212,653

**Perch Holdco Limited (Registered number: 13522160)**

**6. OPERATING PROFIT**

	2023
	£
Depreciation - owned assets	497,098
Depreciation - assets on hire purchase contracts	28,403
Goodwill amortisation	1,061,840
Auditors' remuneration – audit services	119,000
Auditors' remuneration – non-audit services	9,750
	<hr/>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2023
	£
Bank loan interest	0
Other interest	2,858,950
Leasing interest	7,493
Tax penalties and interest	0
	<hr/>
	2,866,443

The loans from banks, finance providers & high net worth individuals (Other Loans) are due for repayment within 5 years and attract interest at rates up to 12%

**8. PROFIT ON DISPOSAL OF JOINT VENTURE**

	2023
	£
Investment in Joint Venture	61,652
Dividends received in the year	(14,453)
Value of investment at disposal	47,199
	<hr/>
Dividends received in the year	14,453
Proceeds from disposal of Joint Venture	63,910
Profit from disposal recognised in Income Statement	78,363

On 28 April 2022, the Company acquired 50% of the ordinary shares of FieldConnect Limited as part of its acquisition of Perch Group Limited. For the year ended 31 March 2023, FieldConnect Limited recognised a profit of £98k. The Company received profit from disposal on 28 February 2023 of £78,363 which were recognised in the Company's income statement.

## Perch Holdco Limited (Registered number: 13522160)

### 9. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

### 10. TAXATION

#### Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2023
	£
<b>Current tax:</b>	
UK corporation tax	1,292,739
Prior year tax adjustments	0
<b>Total current tax</b>	<b>1,292,739</b>
Deferred tax	
<b>Tax on profit</b>	<b>1,292,739</b>

Tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom at 19%. The differences are explained below:

<b>Profit before tax</b>	<b>5,185,151</b>
Profit multiplied by the standard rate of corporation tax in the UK of 19%	985,179
Effects of:	
Expenses not deductible for tax purposes	173,065
Qualifying donations	4,992
Non-trade loan relationships	55,377
Trading losses surrendered to the group	134,868
Capital allowances in excess of depreciation	(59,788)
Tax balances written off	(952)
<b>Total tax charge</b>	<b>1,292,739</b>

Factors that may affect future tax charges In the 2021 Spring Budget, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This was substantively enacted in 2021 and is therefore used to measure UK deferred taxes in both 2021 and 2022, to the extent the related timing differences are expected to reverse in 2023 or later.



**Perch Holdco Limited (Registered number: 13522160)**

**11. INTANGIBLE FIXED ASSETS**

	Goodwill	Loan arrangement fees	Totals
	£	£	£
<b>COST</b>			
At 1 April 2022	0	0	0
Additions	10,754,752	740,912	11,495,664
At 31 March 2023	10,754,752	740,912	11,495,664
<b>AMORTISATION</b>			
At 1 April 2022	0	0	0
Amortisation for year	1,776,325	740,912	2,517,237
At 31 March 2023	1,776,325	740,912	2,517,237
<b>NET BOOK VALUE</b>			
At 31 March 2023	8,978,427	0	8,978,427
At 31 March 2022	0	0	0

Goodwill amortisation of £1,776,325 (2022: £Nil) was recognised for the acquisition of subsidiaries.

Amortisation and impairment of intangible assets is charged to administrative expenses.

**12. TANGIBLE FIXED ASSETS**

**Holdco Consolidated**

	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£
<b>COST</b>				
At 1 April 2022	0	0	0	0
Additions	135,107	7,000	482,369	624,476
Disposals	(36,452)	(7,000)	(74,046)	(117,498)
At 31 March 2023	98,655	0	408,323	506,978
<b>DEPRECIATION</b>				
At 1 April 2022	0	0	0	0
Charge for year	131,835	7,000	358,263	497,098
Disposals	(36,452)	(7,000)	(74,046)	(117,498)
At 31 March 2023	95,383	0	284,217	379,600
<b>NET BOOK VALUE</b>				
At 31 March 2023	3,272	0	124,106	127,378
At 31 March 2022	0	0	0	0

## Perch Holdco Limited (Registered number: 13522160)

### 12. TANGIBLE FIXED ASSETS

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

<b>COST</b>	<b>Computer equipment</b>
	£
Additions	
At 31 March 2023	94,191
<b>DEPRECIATION</b>	
Charge for year	28,403
At 31 March 2023	28,403
<b>NET BOOK VALUE</b>	
At 31 March 2023	65,788

### 13. FIXED ASSET INVESTMENTS

	<b>Shares in group undertakings</b>	<b>Totals</b>
<b>COST</b>	£	£
At 1 April 2022	1	1
Additions	170	170
and 31 March 2023	171	171
<b>NET BOOK VALUE</b>		
At 31 March 2023	171	171
At 31 March 2022	1	1

#### Investments Subsidiary undertakings

Name	Company Number	Class of shares	Holding	Principle activity
ACI-UK Limited	3775287	Ordinary	100%	Provides debt collection activity for the group.
TM Legal Services Limited	10214118	Ordinary	100%	Provide litigation services for the group
Perch Capital Limited	11207867	Ordinary	100%	Investment activity for the group
Perch Group Limited	11206024	Ordinary	100%	Support company for an integral group of businesses
TMLSHC Limited	10789699	Ordinary	100%	Providing funding for the group
Perch Reserves Limited	11625315	Ordinary	100%	Providing funding for the Group
Perch Verify Limited	14754399	Ordinary	100%	Providing field service activity for the group

**Perch Holdco Limited (Registered number: 13522160)**

**13. FIXED ASSET INVESTMENTS - continued**

All subsidiaries were incorporated in the UK and registered to Unit 10 Whitehills Drive, Whitehills Business Park, Blackpool, Lancashire, England, FY4 5LW.

All subsidiaries are held by Perch Group Limited. The company has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit in respect of the year ended 31 March 2023.

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	HoldCo Consolidated	Company	
	2023	2023	2022
	£	£	£
Loan portfolio	36,062,275		
Amounts owed by group undertakings	12,785,843	12,733,438	
Trade and other debtors	9,439,043	20	
Prepayments and accrued income	544,659		
	<u>58,831,820</u>	<u>12,733,458</u>	<u>0</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Holdco Consolidated	Company	
	2023	2023	2022
	£	£	£
Other loans (see note 15)	30,238,874		
Hire purchase contracts (see note 16)	35,508		
Trade creditors	10,028,275		
Amounts owed to group undertakings	12,760,015	12,733,517	
Corporation tax	1,292,739		
Social security and other taxes	144,001		
VAT	38,927		
Other creditors	612,646	32	99
Due to related parties	10,004		
Accruals and deferred income	1,988,077	76,680	
Profit share creditor			
	<u>57,149,066</u>	<u>12,810,229</u>	<u>99</u>

## Perch Holdco Limited (Registered number: 13522160)

### Notes to the Consolidated Financial Statements - continued for the year ended 31 March 2023

#### 16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

##### Holdco Consol

	2023
	£
Other loans (see note 15)	8,522,240
Hire purchase contracts (see note 16)	15,788
	<u>8,538,038</u>

#### 17. LOANS

##### Holdco Consol

An analysis of the maturity of loans is given below:

	2023
	£
Amounts falling due within one year or on demand:	
Other loans	<u>30,238,873</u>
Amounts falling due between one and two years:	
Other loans - 1-2 years	<u>2,783,985</u>
Amounts falling due between two and five years:	
Other loans - 2-5 years	<u>5,738,256</u>
Amounts falling due in more than five years:	
Repayable by instalments	
Other loans more 5yrs instal	<u>0</u>

The Group is exposed to a range of financial risks, in particular, the key financial risk is that portfolio investment collections are not sufficient to repay loan obligations as they fall due. The most important components of this financial risk are market risk (including interest rate risk), credit risk and liquidity risk.

The Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

##### i) Liquidity Risk

The Company defines liquidity risk as the Group not being able to meet its liabilities as they fall due. The Company monitors its assets and liabilities on an ongoing basis to ensure that liabilities are met. The Company's strategy is to match the Company's funding profile to that of the assets which are being funded.

##### ii) Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The key area where the Group is exposed to credit risk is in the collection of its loan portfolios.

The Group manages the levels of credit risk it accepts by employing a robust forecasting method and Monte Carlo based pricing models which accurately reflects the propensity to pay of the underlying portfolio's.

## Perch Holdco Limited (Registered number: 13622160)

### iii) Market Risk

Interest rate risk exists on Perch Group's debt facilities as the interest rate charged is a fixed percentage over the Sterling Overnight Index Average interest rate benchmark (SONIA). The Company does not believe hedging this risk is required based on the value of its current loans outstanding and monitors SONIA rates to ensure the unhedged risk of a rise in interest rate is managed appropriately.

### iv) Financial liabilities

All financial liabilities held by the Group are measured at amortised cost using the EIR method. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

## 18. LEASING AGREEMENTS

### Holdco Consol

### Hire purchase contracts

	2023
	£
Net obligations repayable:	
Within one year	35,508
Between one and five years	15,798
	<u>51,306</u>

## 19. SECURED DEBTS

### Holdco Consol

	2023
	£
Other loans	38,761,115
Hire purchase contracts	51,306
	<u>38,812,421</u>

There is a fixed and floating charge dated 5 July 2017 as security for assets acquired under hire purchase agreements.

In relation to loans, there are both fixed and floating charges created in October 2019 which are secured on the assets of Group companies.

# Perch Holdco Limited (Registered number: 13522160)

## 20. PROVISIONS FOR LIABILITIES

Holdco Consolidated	2023	
	£	
	Deferred tax	Other provisions
	£	£
Balance at 1 April 2022		
Provided during year	13,243	219,757
Charge to Income Statement during year		
Balance at 31 March 2023	<u>13,243</u>	<u>219,757</u>
Company		
	Deferred tax	
	£	
Balance at 1 April 2022	0	0
Charge to Income Statement during year	0	0
Balance at 31 March 2023	<u>0</u>	<u>0</u>

## 21. CALLED UP SHARE CAPITAL

### CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023	2022
			£	£
100	Ordinary	£1.00		100
2900	'A' Ordinary Shares	£0.01	29	
2000	'B' Voting Capped Shares	£0.01	20	
5100	'C' Voting Capped Shares	£0.01	51	
3900	'B' Non-voting Preference Shares	£0.01	39	
3200	'C' Non-voting Preference Shares	£0.01	32	
526	D' Non-voting Preference Shares	£0.01	5	

## Perch Holdco Limited (Registered number: 13522160)

### Notes to the Consolidated Financial Statements – continued

#### 22. RESERVES

##### Holdco Consol

	Retained earnings £
At 1 April 2022	
Profit for the year	3,892,412
At 31 March 2023	3,892,412

##### Company

	Retained earnings £
At 1 April 2022	(39)
Deficit for the year	(76,792)
At 31 March 2023	(76,831)

#### 23. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

The Group transacts with Glabs Digital Services Limited, a party related by virtue of common control of a Director of Perch Group Limited in the prior period. Purchases were made totalling £1,691,272 (2022: £834,085) during the year on an arm's length basis. The outstanding balances at the year-end were £235,245 (2022: 243,372).

In the previous financial year there is also a loan owed from TM Assets Glasgow Limited amounting to £263,710. The loan was provided for in full in the year.

There are no key management personnel other than Directors.

## **Perch Holdco Limited (Registered number: 13522160)**

### **24. CAPITAL AND OTHER COMMITMENTS**

At 31 March, the group had no capital commitments for contracted expenditure of property, plant and equipment not provided for in the financial statements:

The group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

<b>Payments due</b>	
	<b>2023</b>
	<b>£</b>
Not later than one year	196,665
Later than one year not later than five years	786,660
Later than five years	68,429
	<b>1,051,754</b>

The group had no other off-balance sheet arrangements.

#### **Company**

The company had no capital or other commitments at 31 March 2023 (2022: £nil).

### **25. CONTINGENT LIABILITIES**

#### **Group**

The group has given a guarantee in respect of the borrowings of TMLSHC Limited, the group's subsidiary. At 31 March 2022, the group guaranteed £2.8m (2022: £nil) being its share of the associate's debt to Honeycomb Investment Trusts Ltd. The guarantee is secured by a charge on the group's trading subsidiaries.

The company has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit in respect of the year ended 31 March 2023.

As disclosed in Note 2, some of the company's subsidiaries have taken advantage of the exemption available under Section 394A/479A of the Companies Act 2006 in respect of the requirement to prepare individual financial statements/for audit. As a condition of the exemption, the company has guaranteed the year-end liabilities of the relevant subsidiaries until they are settled in full. The liabilities of the subsidiaries at the year-end was £65,669,071 (2022:£nil).

### **26. EVENTS AFTER THE REPORTING PERIOD**

The Group increased the facility with Quilam Special Opportunities 2 Limited by £15m after the reporting period.



## **Perch Holdco Limited (Registered number: 13622160)**

### **27. BUSINESS COMBINATIONS**

#### **Group**

On 28 April 2022, the group acquired control of Perch Group Limited through the purchase of 100% of the share capital for total consideration of £12,733,362. The goodwill of £12.7m arising from the acquisition is attributable to the acquired customer base and economies of scale expected from combining the operations into the group.

Management have estimated the useful life of the goodwill to be 10 years. The acquired companies are all established in their markets and have a track record of stable revenue. The following table summarises the consideration paid by the group, the fair value of assets acquired and liabilities assumed.

Consideration at 28 April 2022

	£
Cash	6,000,000
Equity Instruments	nil
Deferred consideration	6,000,000
Contingent consideration	nil
Directly attributable costs	nil
Rolled loan notes	733,333
Total consideration	12,733,333

For cash flow disclosure purposes, the amounts are disclosed as follows:

	£
Cash consideration	6,000,000
Directly attributable costs	nil
Total	6,000,000
Less	
Cash & cash equivalents acquired	0
Net cash outflow	6,000,000

### **28. ULTIMATE CONTROLLING PARTY**

In the opinion of the Directors the company is controlled by CA Hinchliffe, who controlled the majority of the issued share capital at the year end.