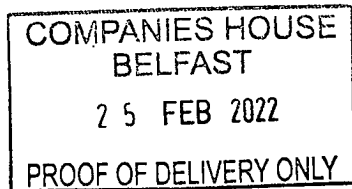


Unaudited Financial Statements

Upstream Working Capital Ltd

For the year ended 31 May 2021



Registered number: NI607293

Company Information

Directors Colin Dundas (resigned 31 December 2020)
Judith Totten
Alan Wardlow

Registered number NI607293

Registered office Suite B, Ground Floor
40 Linenhall Street
Belfast
Antrim
BT2 8BA

Accountants Grant Thornton (NI) LLP
Chartered Accountants
12 - 15 Donegall Square West
Belfast
BT1 6JH

Bankers Danske Bank
Benmore House
353 Lisburn Road
Belfast
BT9 7EP

Petra Capital PLC
2 Eaton Gate
London
SW1W9BJ

Contents

	Page
Accountants' report	1
Balance sheet	2 - 3
Notes to the financial statements	4 - 18

Independent Accountant's Report to the directors of the unaudited financial statements of Upstream Working Capital Ltd for the year ended 31 May 2021

In order to assist you fulfil your duties under the Companies Act 2006, we have compiled the financial statements of Upstream Working Capital Ltd for the year ended 31 May 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes to the financial statements, including a summary of significant accounting policies, from the company's accounting records and from information and explanations you have given to us.

The financial statements have been prepared on the basis set out in the notes to the financial statements.

This report is made solely to the directors of Upstream Working Capital Ltd, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely that we might compile the financial statements that we have been engaged to compile, report to the company's directors that we have done so and state those matters that we have agreed to state to the directors of Upstream Working Capital Ltd, as a body, in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Upstream Working Capital Ltd and its directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with the technical guidance issued by Chartered Accountants Ireland ("the Institute") and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have approved the financial statements for the year ended 31 May 2021 and you have acknowledged on the Balance sheet as at 31 May 2021 your duty to ensure that Upstream Working Capital Ltd has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view in accordance with the Companies Act 2006. You consider that Upstream Working Capital Ltd is exempt from the statutory audit requirement for the year ended 31 May 2021.

We have not been instructed to carry out an audit or review the financial statements of Upstream Working Capital Ltd. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Grant Thornton (NI) LLP

Grant Thornton (NI) LLP
Chartered Accountants
12 - 15 Donegall Square West
Belfast
BT1 6JH

Date: 24 February 2022

Balance sheet

As at 31 May 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	6	64,001	74,251
		<u>64,001</u>	<u>74,251</u>
Current assets			
Debtors: amounts falling due within one year	7	14,961,442	15,595,045
Cash at bank and in hand	8	961,714	992,037
		<u>15,923,156</u>	<u>16,587,082</u>
Creditors: amounts falling due within one year	9	(10,887,523)	(12,826,135)
Net current assets		<u>5,035,633</u>	<u>3,760,947</u>
Total assets less current liabilities		<u>5,099,634</u>	<u>3,835,198</u>
Creditors: amounts falling due after more than one year	10	(6,035,370)	(4,637,370)
Net liabilities		<u>(935,736)</u>	<u>(802,172)</u>
Capital and reserves			
Called up share capital	13	63,493	63,493
Share premium account	14	71,507	71,507
Profit and loss account	14	(1,070,736)	(937,172)
		<u>(935,736)</u>	<u>(802,172)</u>

Upstream Working Capital Ltd

Registered number: NI607293

Balance sheet (continued)

As at 31 May 2021

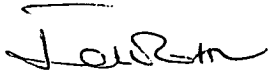
The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime in section 444(1) of the Companies Act 2006.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 February 2022.



Judith Totten
Director

The notes on pages 4 to 18 form part of these financial statements.

Notes to the financial statements

For the year ended 31 May 2021

1. General information

Upstream Working Capital Ltd is a company limited by shares and is incorporated in Northern Ireland. The registered office is Suite B, Ground Floor, 40 Linenhall Street, Belfast, BT2 8BA.

The principal activity of the company is that of providing debt factoring and invoice discounting facilities.

2. Bad Debt

In the normal course of business certain customers of the Company have defaulted on their agreed facilities and the Company has taken legal action to enforce its rights and to recover the amounts due to it in full. Given the nature of the legal proceedings involved these cases will take some time to be resolved and it is uncertain at this time what the outcome of each of the cases will be. The directors have considered the legal advice they have received, reports received from other professionals involved with these cases and their knowledge of the affairs of the entities involved. On this basis the Directors have provided for the debts sufficiently within the financial statements at the year end date.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 4).

The following principal accounting policies have been applied:

3.2 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In particular, the Directors note the positive net current asset position which will enable the business to meet its liabilities as they fall due. The company therefore continues to adopt the going concern basis in preparing its financial statements. In making this assessment the directors have considered the ongoing COVID-19 pandemic. Whilst the future financial impact of the outbreak is unknown at present the directors do not consider that there has been any significant detrimental impact to the business at this time.

Notes to the financial statements

For the year ended 31 May 2021

3. Accounting policies (continued)

3.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

3.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Notes to the financial statements

For the year ended 31 May 2021

3. Accounting policies (continued)

3.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 June 2019 to continue to be charged over the period to the first market rent review rather than the term of the lease.

3.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

3.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

3.8 Finance costs

Finance costs are charged to profit or loss 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.

3.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

3.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Notes to the financial statements

For the year ended 31 May 2021

3. Accounting policies (continued)

3.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Fixtures and fittings	-	15% reducing balance
-----------------------	---	----------------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Notes to the financial statements

For the year ended 31 May 2021

3. Accounting policies (continued)

3.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3.14 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3.16 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements

For the year ended 31 May 2021

4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are required when applying accounting policies. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future, which can involve a high degree of judgement or complexity. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a) Recoverability of debtors

Estimates are made in respect of the recoverable value of trade and other debtors. When assessing the level of provisions required, factors including current trading experience, historical experience and the aging profile of debtors are considered.

b) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and the physical condition of the assets.

5. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Directors	3	3
Other Staff	6	6
	<u>9</u>	<u>9</u>

Notes to the financial statements

For the year ended 31 May 2021

6. Tangible fixed assets

	Fixtures and fittings £
Cost or valuation	
At 1 June 2020	138,181
Additions	177
At 31 May 2021	<u>138,358</u>
Depreciation	
At 1 June 2020	63,930
Charge for the year on owned assets	10,427
At 31 May 2021	<u>74,357</u>
Net book value	
At 31 May 2021	<u><u>64,001</u></u>
At 31 May 2020	<u><u>74,251</u></u>

7. Debtors

	2021 £	2020 £
Trade debtors	14,654,304	15,367,556
Amounts owed by group undertakings	67,331	-
Other debtors	225,990	215,138
Prepayments and accrued income	13,817	12,351
	<u><u>14,961,442</u></u>	<u><u>15,595,045</u></u>

Trade debtors represents the debts assigned under factoring agreements, net of the impairment for bad debts. The full value of the assigned debt is recognised on the balance sheet as it represents rights or other access to future economic benefits. The corresponding client creditor represents the difference between the assigned debt and cash advanced to clients net of appropriate factoring fees.

Notes to the financial statements

For the year ended 31 May 2021

8. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	961,713	992,036
	<u>961,713</u>	<u>992,036</u>

9. Creditors: Amounts falling due within one year

	2021 £	2020 £
Investor loans	92,000	172,000
Client accounts	9,999,619	11,718,298
Amounts owed to group undertakings	-	107,956
Other taxation and social security	36,744	73,913
Other creditors	106,886	58,593
Accruals and deferred income	12,274	55,375
Redeemable preference shares	640,000	640,000
	<u>10,887,523</u>	<u>12,826,135</u>

The cumulative preference dividend on the preference shares amounts to a fixed rate of 6% of the issue price per preference share. The preference shares do not entitle the holders to receive notice of, to attend, to speak at or to vote at any general meeting of the Company. The preference shares may be redeemed in full at any time on or after the 19 June 2020 by either the shareholder or the company. On the redemption date, the Company shall pay:

-The issue price on each of the preference shares being redeemed;

-An additional dividend of 3% of the issue price per preference share; and

-Any arrears or accruals of the preferred dividend due and unpaid on any preference shares, calculated down to and including the redemption date.

10. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Loan factoring facility	6,035,370	4,637,370
	<u>6,035,370</u>	<u>4,637,370</u>

Details of security provided:

Petra Capital PLC holds a fixed charge.

Notes to the financial statements

For the year ended 31 May 2021

11. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Investor loan	92,000	172,000
	<u>92,000</u>	<u>172,000</u>
Amounts falling due 1-2 years		
Loan factoring facility	6,035,370	4,637,370
	<u>6,035,370</u>	<u>4,637,370</u>
	<u><u>6,127,370</u></u>	<u><u>4,809,370</u></u>

Notes to the financial statements

For the year ended 31 May 2021

12. Financial instruments

	2021 £	2020 £
Financial assets		
Trade debtors	14,654,304	15,367,556
Other debtors	225,990	215,138
Cash at bank and in hand	961,713	992,036
Amounts owed by group undertakings	67,331	-
	<u>15,909,338</u>	<u>16,574,730</u>
Financial liabilities		
Loan factoring facility	6,035,370	4,637,370
Redeemable preference shares	640,000	640,000
Client accounts	9,999,619	11,718,298
Investor loans	92,000	172,000
Other taxes and social security	36,744	73,913
Accruals and deferred income	12,274	55,375
Other creditors	106,886	58,593
Amounts owed to group undertakings	-	107,956
	<u>16,922,893</u>	<u>17,463,505</u>

Notes to the financial statements

For the year ended 31 May 2021

12. Financial instruments (continued)

The Company's activities expose it to a variety of financial risks; credit risks, liquidity risk and market risk (principally interest rate risk).

Exposure to credit risk

Credit risk is the risk of financial loss to the Company if a company counterparty fails to meet its contractual obligation and principally arises from the Company's receivables from customers through providing credit finance. This is managed through verification procedures in advance of credit being awarded and credit control procedures. Regular contact is made with customers when debts are overdue with follow up procedures carried out as required. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers.

The outstanding balance to be collected from Trade Debtors represents a portion against which the Company have advanced finance and a portion to be collected on behalf of clients which is represented by the balance shown as Clients Accounts. In the event that individual amounts within Trade Debtors exceed 90 days or are not collected there is no credit risk to the Company other than where the Client Account balance exceeds Trade Debtors for an individual customer. Therefore the appropriate carrying amount to represent the maximum exposure to credit risk is net of the Trade Debtor and Client Account balance. No aged analysis of Trade Debtors is presented as the Company's credit risk relates solely to debts less than 90 days.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2021	2020
	£	£
Trade debtors less client account	4,654,685	3,649,258
Other debtors	225,990	215,138
	<u>4,880,675</u>	<u>3,864,396</u>

All financial assets which are subject to credit risk are held at amortised cost at the year end. The Company's most significant customer is a construction company which accounts for £1,499k of the trade and other receivables carrying amount as at 31 May 2021 (2020: £1,499k). No customers had receivable balances in excess of 10% of the Company's gross trade debtor balance at the year end.

Notes to the financial statements

For the year ended 31 May 2021

	2021 £	2020 £
Trade debtors less client account	4,668,961	3,649,258
Impairment loss charged	410,088	1,020,857
	<u>5,079,049</u>	<u>4,670,115</u>

The movement in the specific allowance for impairment in respect of trade receivables during the year was as follows:

	2021 £	2020 £
Balance at 1 June	1,020,857	1,021,524
Impairment loss charged	(610,769)	(667)
	<u>410,088</u>	<u>1,020,857</u>

When a client goes into default the facility provider continues to fund the balance for six months as this is considered a reasonable period for the client's outstanding debtors to be collected to extinguish any remaining client balance. The Company is responsible for funding any outstanding balance beyond this point from its own cash resources and at this point the Company recognises the outstanding balance as being impaired. There were no balances overdue at Balance Sheet date. The allowance for impairment relates to specific debtors which are in receivership or collect out.

Intercompany and other debtors amounted to £67,331 (2020: £nil) and £225,990 (2020: £215,138) respectively at 31 May 2021. Personal guarantees are held as security against these debtors. The directors consider these amounts to be recoverable in full. Full provision has been made against any other debtors not recoverable.

The Company held cash of £961,713 (2020: £992,036) at 31 May 2021 which represents their maximum exposure on the assets. The cash is held with Danske Bank and Ulster Bank which is rated A1 based on credit agency ratings.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The company is able to meet its liabilities as they fall due as it has a revolving credit facility in place with Petra Capital PLC and investor loans, both identified in notes 12 of the financial statements.

The following are contractual maturities of financial liabilities.

Notes to the financial statements

For the year ended 31 May 2021

	Carrying amount £	Contractual cash flows £	0 - 12 months £	1 - 2 years £	More Than 5 years £
2021					
Loan factoring facility	6,035,370	6,035,370	-	6,035,370	-
Client accounts	9,999,619	9,999,619	9,999,619	-	-
Investor loans	92,000	92,000	92,000	-	-
Other taxes and social security costs	36,744	36,744	36,744	-	-
Accruals and deferred income	12,274	12,274	12,274	-	-
Other creditors	106,886	106,886	106,886	-	-
Redeemable preference shares	640,000	640,000	640,000	-	-
	16,922,893	16,922,893	10,887,523	6,035,370	-

	Carrying amount £	Contractual cash flows £	0 - 12 months £	1 - 2 years £	More Than 5 years £
2020					
Loan factoring facility	4,637,370	4,637,370	-	4,637,370	-
Client accounts	11,718,298	11,718,298	11,718,298	-	-
Investor loans	172,000	172,000	172,000	-	-
Other taxes and social security costs	73,913	73,913	73,913	-	-
Accruals and deferred income	55,375	55,375	55,375	-	-
Other creditors	58,593	58,593	58,593	-	-
Redeemable preference shares	640,000	640,000	640,000	-	-
	17,355,549	17,355,549	12,718,179	4,637,370	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company currently does not use derivative financial instruments to hedge its exposure to currency or interest rate risk. The interest on the loan from Petra is at a variable rate, with the terms being at prevailing market interest rates. Loans from investors are at fixed interest rates.

Currency risks

The Company provides invoice discounting services denominated in sterling, dollar and euro. The Company manages its exposure to currency risk by financing these transactions using the matching currency.

Interest rate risks

At the reporting date the interest profile of the Company's interest bearing financial instruments was:

Notes to the financial statements

For the year ended 31 May 2021

	2021 £	2020 £
Variable rate instruments		
Loan factoring facility	6,035,370	4,637,370
Trade debtors less client account	4,668,961	3,649,258
	<u> </u>	<u> </u>
	2021 £	2020 £
Fixed rate instruments		
Investor loans	92,000	172,000
Other debtors	225,990	215,138
	<u> </u>	<u> </u>

Trade debtors and the Petra loan factoring facility are variable rate instruments. A 1% increase in interest rate would increase interest income (included within turnover) by £146,543. A 1% increase in the base rate would increase interest expense by £60,354.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, investor loan holders and creditor confidence and to sustain future development of the business (capital is defined as share capital, investor loans and retained earnings).

The Company is not subject to external requirements in respect of its capital, with the exception of the need to maintain a ratio of investor loans to loan factoring facility borrowings of 1:10 respectively.

13. Share capital

	2021 £	2020 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
63,493 (2020 - 63,493) Ordinary shares of £1.00 each	63,493	63,493
	<u> </u>	<u> </u>
	2021 £	2020 £
Shares classified as debt		
Authorised, allotted, called up and fully paid		
800,000 (2020 - 800,000) Preference shares of £0.80 each	640,000	640,000
	<u> </u>	<u> </u>

Notes to the financial statements

For the year ended 31 May 2021

14. Reserves

Share premium account

This includes all current and prior period share premium.

Profit and loss account

This includes all current and prior period retained profits and losses.

15. Commitments under operating leases

At 31 May 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	47,644	47,644
Later than 1 year and not later than 5 years	172,710	190,576
Later than 5 years	-	29,778
	<u>220,354</u>	<u>267,998</u>

16. Related party transactions

Total compensation of key management personnel (including directors) in the year amounted to £199,949 (2020: £199,949).

The company has availed of the exemption under FRS102 section 33 which does not require disclosure of transactions entered into between any subsidiary undertaking which is wholly owned by a member of that group.

17. Controlling party

The immediate parent company of Upstream Working Capital Ltd is Lamasom Limited.

The shareholders of Lamasom Limited are considered to be the ultimate controlling party.