Huntswood CTC Limited

Report and Financial Statements

Year Ended

30 September 2022

Company number 03969379

Huntswood CTC Limited

Report and financial statements
for the year ended 30 September 2022

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Directors

Lord Brownlow
M Bonfield
B Rawson
D Knight
M R Dodd
B Sohi

Secretary

D Knight

Registered office

Abbey Gardens, Abbey Street, Reading, RG1 3BA

Company number

03969379

Auditors

BDO LLP, Level 12, Thames Tower, Station Road, Reading, RG1 1LX

Bankers

HSBC UK Bank plc, Level 7, Thames Tower, Station Road, Reading, Berkshire, RG1 1LX

The directors present their strategic report together with the audited consolidated financial statements for the year ended 30 September 2022.

Principal activities

The principal activities and core services of the group during the year were the provision of resourcing and outsourcing solutions backed by expert advisory capability to help clients deliver better compliance and commercial outcomes along with the provision of payroll services. The groups clients are mainly in regulated industries including the financial services and utilities sectors.

Results and dividends

The consolidated loss for the year, after taxation, amounted to £2,010,918 (2021 profit: £6,681,397).

Dividends declared and paid during the year on Ordinary shares and 'A' Ordinary shares amounted to £500,000 (2021 £12,034,711) (see note 21).

Some of the group's key financial performance indicators during the year were as follows:

	2022	2021	Movement
Consolidated turnover	**£122,404,707**	£127,416,311	(£5,011,604)
Consolidated operating profit/(loss)	**(£1,640,459)**	£8,289,406	(£9,929,865)
Consolidated EBITDA	**£867,512**	£9,307,115	(£8,439,603)
Return to shareholders	**£500,000**	£12,034,711	(£11,534,711)
Consolidated current assets as a proportion of current liabilities	**(0.59)**	1.00	(1.59)

During the year, the group saw a decrease in its reported turnover and operating profit from prior year. Whilst revenue only reduced by c.3.9%, the group went from a c.£8.3m operating profit at the end of September 2021 to a c.£1.6m loss for the current period. Operating profit excluding amortization and depreciation, saw the group make a profit in the current period (c.£870k), however, this was down on prior year where the group achieved c.£9.3m.

The decrease in the group's operating profit was predominantly down to the reduction in the level of payment protection insurance (PPI) complaints work being undertaken for its clients within the financial services sector. This type of work has now ended (due to the PPI deadline of August-19 for making a claim) and as such the group encountered a c.32% reduction in PPI revenue during the year.

Despite the decrease in PPI revenue, the group has managed to grow its underlying revenue throughout the year through its contact centre offering. Whilst initially at lower margins than the PPI revenue stream (due to a larger proportion of the contact centre revenue being in the UK), the group has seen an increase in margin towards the end of the year due to the migration of more of its contact centre business to South Africa.

For the year ending September 2022, the groups markets were relatively stable and there were no material new legislative changes introduced.

The financial performance of the group was assessed throughout the year by the provision of detailed monthly management financial statements, the groups 1,000 day plan metrics and forecasts of future sales pipeline. In addition to the key performance indicators described above, other measures used to manage the company included operating profitability by business unit, EBITDA %, project profitability, number of monthly billable resource, % of long term revenue, number or active clients, EBITDA per working day and staff utilisation by department. The group also monitored its balance sheet position by assessing detailed daily cash flows and overall current assets as a proportion of current liabilities.

The directors are satisfied with the group's performance against plan, as measured by it's key financial performance indicators.

Results and dividends (continued)

In addition to financial KPIs, the company also assesses the performance using a variety of non-financial KPIs throughout the year. Some of these are based on quantitative data, whilst others rely on qualitative data such as opinion surveys.

Some of the company's non-financial key performance indicators during the year were as follows:

	2022	2021	Movement
Number of issued proposals	105	122	(17)
Brand awareness measured by average monthly website visits	15,601	24,076	(8,475)

The group has also invested in enhancing its resource tracking capabilities where resource MI is now available for leadership review on a real-time basis.

Share issues and repurchases

During the current and prior year several repurchases, and cancellations of shares took place (see note 17).

Review of developments

On the 25 October 2021, the group completed the acquisition of CXP (Group) and its subsidiaries. The principal activities of the acquired group are the provision of business process outsourcing services for clients predominantly in the utilities and insurance sectors. This acquisition has enabled the group to have an offshore offering to its clients based in South Africa along with a UK contact centre capability. The directors firmly believe that the group is now able to offer a full end to end solution for its clients within the provision of its resourcing and outsourcing solutions as a single source provider.

Since the acquisition, the group has experienced growth in both its UK and South Africa contact centres. Billable resource in the UK has increased by c.50% whereas in South Africa the group has experienced c.177% growth in billable resource numbers. As a result of the increase in resource in South Africa, the group invested in a second property in Durban with a resource capacity of c.1,300 resource, taking the total resource capacity in South Africa across the two sites to c.1,860.

During the year the group has continued to place a heightened focus on embedding client partnering as a cornerstone of the services provided to its clients. To achieve this the group continues to offer a flexible resourcing solution that enables clients to scale up, or down, their operational activities as demand necessitates. Furthermore, the group has complemented its existing suite of services with Contact Centre expertise which has given its clients increased confidence to invest in the group as a single source service provider. These initiatives are driving a greater engagement with clients along with longer and more sustainable revenue streams.

With greater client engagement and longer more sustainable revenue streams it has given the group the confidence to invest in people. This has led to an increase of the number of permanent employees that support client services both within the UK and overseas in South Africa. In turn the group has been able to offer its clients more competitive prices and accelerate the growth of the group's core services.

Review of developments (continued)

The Group has also introduced a '1,000-day plan' to its strategy. This plan incorporates five pillars, which comprises of the following:

A nimble partner
- Empower people with a clear framework to make quick and great decisions
- Continue speed of deployment of Technology solutions
- Continued review of internal processes and automate where possible

Pace – People as competitive edge
- Lead, motivate and inspire colleagues
- Continue to resource and deploy great quality people to clients

The partner of choice
- Build Insight into every engagement
- Increase the number of clients on long term commitments
- Increase the number of active clients
- Increase the number of colleagues supporting our clients

Develop growth through our partnerships
- Work with the right associations to build trust for the brand
- Complaints Outlook will become the 'go to' insight for firms

Purposeful new business
- Delivering a compelling call centre offering for clients
- Deliver amazing service to existing clients
- Broaden resourcing capability to attract permanent colleagues for a career

Furthermore, across the group's head office employees have a Balanced Scorecard scheme which has continued to promote employee engagement. Since its implementation the scheme has created a cohesive culture which has provided drive and focus on improving the overall business performance.

Key measures of the company's Balanced Scorecard are:
Financial measures, such as turnover, gross margin and EBITDA,
Learning & growth measures, such as employee objectives and associate attrition,
Customer perspective, such as net promoter score (NPS).

The directors continue to invest in the infrastructure and operating model to allow the company to support its future client needs whilst maintaining a focus on costs and efficiencies. The aim is to have the appropriate balance of flexible and permanent resource, and the ability to work on client sites, the company's own sites (onshore and offshore), or working from home, as demanded by the size, nature, location, and duration of the client assignment.

Husp Limited ("Husp") completed its third financial year, providing payroll services to the group. During the financial year Husp developed a wider range of payroll solutions, providing an in house payroll bureau service to one of the group's acquired subsidiaries. Husp provides payroll services to 85% of the Huntswood CTC resource population with the aim to increase this penetration in the future. The average number of resources payrolled by Husp throughout 2022 was 1,519.

Risk management

The directors believe that key to the group's ability to deliver its services successfully is the identification and management of risk and the ability to respond to changes in the external operating environment.

Managing risk is a critical element of the group's corporate responsibility and underpins the safe delivery of the Board's business plans and strategic objectives. It protects the group's reputation, supports the group's ability to do business and helps to create long-term competitive advantage. Risk management is embedded in the group's organisation structure, operations, and performance management tools. The business has a systematic approach to risk identification and management, which combines the Board's assessment of risk with risk factors originating from and identified by the individual business units.

Monitored quarterly

Overall responsibility for risk management resides with the group's Board of directors. Key risks are monitored by the Board by reviewing a quarterly operational and financial management report for the business, which includes strategic, operational, regulatory, financial, and external market progress against predefined performance indicators. In this report, progress in implementing plans to mitigate and manage risks are reported by a narrative commentary and a traffic light system. In this way it is clear whether risk mitigation has been achieved, is in progress or has escalated and requires immediate attention. This provides a dynamic risk management process where new risks are identified, and mitigation processes are refined in the context of the current external operating environment.

Clear accountability

The group has nominated executive directors with responsibility for key risks and this approach is closely aligned with the company's business model, which integrates and coordinates operational, finance, legal and governance decision making.

The group has an executive director who is responsible for Risk and reports into the Chief Executive but also has an independent reporting line into the Chairman.

Part of group strategy

Whilst risk management operates on a rolling calendar basis, key risks for strategic delivery of the group's business plans and objectives are identified as part of the Board's annual review of group strategy. The Board's review sets out the business' growth strategy, strategic objective, and strategic priorities.

Embedded in the business

The executive directors meet monthly to discuss strategy implementation and separately with senior management committees. This reporting and communication structure between the executive directors and senior management leads to an effective two-way exchange of information and ensures coordinated decision-making takes place with a premium placed on risk management.

In each area of risk, the executive directors are supported by members of the senior management team or senior managers with functional or business unit roles. Accountability for managing risk is assigned to individual managers and each employee is personally responsible for managing risk within the remit of their role.

Quarterly risk and assurance committee

The risk reporting process is co-ordinated independently by the group's risk and assurance committee, chaired by the Executive Chairman with input from a non-executive director, the executive directors, and senior managers accountable for managing risks. This provides the Board with an active, action-oriented process that closely monitors key risks and issues. The system also validates progress being made in mitigating risk throughout the year across the business.

The committee also plays a key role in reviewing the effectiveness of the group's internal control procedures and financial risk management systems. The committee monitors the integrity of the financial statements and the work of the external auditors together with the arrangements in place for managing Information Technology risk relating to the group's critical business systems.

Appropriate policies and procedures

The group has detailed policies, procedures, and systems in place to support risk management across the group. These include the group's risk management policy and information security policy in relation to its ISO27001 accreditation.

Principal risks and uncertainties

The group regularly reviews developments within the financial services and utilities sectors and where appropriate the findings are factored into the group's planning cycle.

The principal risks to be managed by the business are:

i) The group has grown the offshore operations in South Africa this past year opening new Operational Centres in Durban, the risk that growth may impact Operational Delivery .

The group manages this risk by:
- Close monitoring of the Operational Delivery for all clients
- Investing in appropriate technology and infrastructure to have Operational Centres that colleagues are proud of and want to work in
- Appropriate ramp up plans to grow the business at a controlled pace
- Implementing new Technology solutions where previously a manual solution was evident

ii) Customer demand for the group's solutions is insufficient to cover its required level of staff utilisation for group profitability.

The group manages this risk by:
- Close monitoring of the sales pipeline
- Appropriate use of contracted labour to provide workforce flexibility
- Targeting longer term contracts wherever possible to provide maximum visibility of sales pipeline
- Ongoing development of new outsourcing and consulting services to meet evolving client needs
- Identifying other opportunities outside of the financial services sector which are complementary to our core skill sets

Principal risks and uncertainties (continued)

iii) Following the acquisition of the CXP Group, the integration of the CXP infrastructure into the Huntswood Infrastructure is a key requirement

The group manages this risk by:
- Ensuring there is an agreed one 'Group' solution to Technology
- Ensuring there is a clear migration plan for all CXP infrastructure so this can be migrated with no impact to the groups operations, including appropriate testing in advance of any live moves
- A key risk being reported on at the Monthly Risk Committee, where progress is tracked and any issues reported on
- A communications plan with all projects so they understand what is happening and when, which importantly includes what is changing.

iv) Civil unrest and material events (such as flooding) outside of the groups control in South Africa impacting client delivery

The group manages this risk by:
- Investing in additional technology equipment to enable the majority of the groups South Africa colleagues to be able to work from home
- Close monitoring of the economic environment and how this could impact the groups delivery capability. This enables the group to plan ahead to minimize impact to client delivery and colleagues.
- Having backup generators at its premises in South Africa, ensuring minimal impact to client delivery

Details relating to financial risks that affect the group are included separately in the directors' report.

S172 Statement

A director of the group must act in the way they consider, in good faith, would most likely promote the long-term success of the group for the benefits of the members as a whole, taking into account the factors as listed in section 172 of the Companies Act 2006. The directors are fully aware of their responsibilities to promote the success of the group in accordance with section 172 of the Companies Act 2006.

The group aims to work responsibly with its stakeholders and develop strong business relationships with them, including its suppliers.

In addition to this, there were key decisions the Board of Directors took during the year which directly influence the stakeholder relationships.

- Heightened focus on client partnering with the aim of being number one partner of choice
- Ensure a balanced mix of permanent and flexible resources delivering client projects
- Continuous support of employees by providing flexible ways of working

The group's engagement strategy and how feedback from stakeholders influences the Board agenda and decision making is set out within the below table.

Stakeholder	Board/Company engagement strategy	How feedback influences the Board agenda and decision making
Clients	• The group directly engages with clients through a qualitative and quantitative survey, which is undertaken during the delivery of the client engagement. • The group's CEO meets with clients whose engagements have completed (or reached a significant milestone) throughout the course of the year. • The group engages in industry research, including surveying clients (and prospective clients) and delivering bespoke reports back to participants. • The group engages in ad-hoc hospitality events when and where appropriate for clients, partners, and prospects. • The group engages in industry events e.g., exhibitions, trade association forums etc. • The group hosts industry and sector round-table discussion groups. • The group produces an annual Complaints Outlook research report in order to provide its clients with actionable insight around the complaints journey.	The group gives significant consideration to client engagement which plays a pivotal part in Board discussions/decisions. The activities resulting from feedback aim to strengthen the client partnerships by re-enforcing successful delivery/relationship approaches as well as providing an early understanding of any intervention required where there may be challenges. Following the success of the 2019 and 2021 Complaints Outlook research report, the Board continues to invest in its annual Complaints Outlook research in order to provide valuable insight to clients

Stakeholder	Board/Company engagement strategy	How feedback influences the Board agenda and decision making
Employees	• The group has continued with its '1,000 day plan' across all areas. Employees are engaged in a variety of initiatives towards the plan. • Succession planning reviews have identified individuals in all areas and development & coaching plans have been implemented in order to ensure as many roles as possible are filled internally. • A company wide engagement survey 'Your Voice Matters' (YVM) will again be undertaken across the group's permanent population. From the previous survey the group has established action plans across the business. • The group has monthly People Manager and quarterly 'All Hands' calls giving the EXCO the opportunity to engage with all employees and allow a two-way flow of communication and an opportunity for employees to raise issues and ask questions. • Staff Forums have been set up across the group, consisting of a mixture of democratically elected employee representatives and directors, meets regularly to discuss a wide range of issues affecting employees' interests. Members of the Staff Forum are involved and consulted regarding key business changes. • In addition to this the group encourages engagement between teams by giving 'H' cards, and recognition awards for those employees who have demonstrated the key group values. Employees are also encouraged to nominate their 'Players Player' for the quarter. The group also issues a fortnightly employee newsletter titled 'One Huntswood' and provides intranet updates. • Health and wellbeing remain at the forefront of the group's communication plan, and a new Employee Assistance Programme is being reviewed for Huntswood Scotland offering support in areas of an employee's life to reduce stress and other mental health issues. Other benefits are also being reviewed for employees in South Africa to ensure that the group is providing benefits that will support and retain our colleagues.	The Your Voice Matters Survey is used to identify and drive changes across the group and adapt, improve, and evolve group culture. The survey results have led focus on: - staff forum. - continued commitment to hybrid working to support families. - clearer guidance around performance reviews and career progression. The results of the survey are reported at board level and actions coming out of the survey have full support of the Board and the EXCO. The quarterly 'All Hands' calls are a way for all employees to engage with the EXCO and founder. This allows a two-way flow of communication where the EXCO and founder provide updates and give our employees the opportunity to raise any issues or ask questions. Continued investment in our staff to include training & development of employees, annual pay reviews along with providing a range of benefits which enables the group to recruit and retain quality staff.

Stakeholder	Board/Company engagement strategy	How feedback influences the Board agenda and decision making
Employees	• In order to support employees' home working, the group has provided additional technology equipment (monitors, keyboards etc) as required and have also delivered to employee's homes where needed. In addition to this, office chairs have been provided upon request and there is usage of Microsoft Teams to facilitate remote collaborative working. • Employees safety is extremely important to the group and when there was flooding in South Africa, the group purchased additional technology equipment so that a large proportion of employees could work from home. • In addition to this, the group also provide a free daily shuttle service to employees in South Africa to its offices in Durban from a central location. • The group is committed to achieving the Broad Based Black Economic Empowerment (B-BBEE) accreditation in South Africa and as such investment in learnership programmes is a key focus for the group. During the year, the group invested in two learnership programmes thus providing permanent employment opportunities to unemployed individuals. Employees receive workplace experience as well as formal qualifications in order to equipe them to start a career with the group.	
Associates	• The group issues regular mailshots to remain connected to the associate database not currently working with us. In order to support associates home working, the group has provided the technology (when required) to enable client operations to operate from home in the form of laptops, monitors, keyboards, office chairs etc and have also delivered equipment to associate's homes where required.	The Board is committed to ensuring that regular engagement continues with associates in the form of surveys in order to provide feedback to the group on any areas which can be improved to ensure a high level of associate satisfaction and enjoyment whilst working for the group.
Suppliers	• The group has implemented additional governance audit principles within its supply chain operating model. This has provided the group with greater visibility of contractual obligations and supplier onboarding assessments and enabled more granular gap analysis whilst initiating supplier remediation, termination, or replacement. Furthermore, this has also enhanced the groups risk and mitigation protocols. • The group Board annually approves the modern slavery statement.	The group is committed to sourcing products ethically and sustainably, and establishing long-term, open, and fair relationships with its suppliers.

Stakeholder	Board/Company engagement strategy	How feedback influences the Board agenda and decision making
Communities, Charities, and environment	• The group supports and fundraises for Berkshire Community Foundation, our chosen charity, and other charitable organisations, identifying a variety of support opportunities; for example, donating unwanted office furniture to small charities for reuse. The Huntswood Community Committee provides oversight and enables different fundraising activities. • Examples of support to local organisations includes: o A Glasgow-based Trainer coaches the Scotland Boys Club u10s football team and the Huntswood Group proudly sponsored this season's kit. o Our Head of Operational Change fundraises for Mickey's Place, a foodbank and shelter charity. The Huntswood Group contributed to this fantastic cause. o McMillan Coffee mornings have been held at both Glasgow and Reading offices. o The group provided a school in South Africa, Brooksdale High School, with learning materials of which the donation directly benefited previously disadvantaged South African citizens (c.1,000 pupils) • The group completes both SECR and ESOS assessments and utilises these as an opportunity to understand and implement energy-saving measures resulting in a reduction in greenhouse gas emissions. This year the Group has begun more focused attention on understanding our carbon emissions establishing activities to reduce these. • The group develops and maintains relationships with stakeholders and suppliers through a variety of channels. The groups procurement process incorporates due diligence of our suppliers to ensure that they align with the group's standards, including environmental impact and labour standards. An ongoing dialogue is maintained to ensure strong business relationships.	The Executive Committee is responsible for the oversight of Corporate Social Responsibility Steering Group, owning the community engagement strategy and monitoring and overseeing our environmental impact and reporting.

On behalf of the Board

Lord Brownlow

Director
Date: 28th September 2023

The directors present their report together with the audited consolidated financial statements for the year ended 30 September 2022. Certain elements of the directors' report have been disclosed in the strategic report, if directors feel it of strategic importance.

Dividends

Dividends declared and paid during the year on Ordinary shares and 'A' Ordinary shares amounted to £500,000 (2021 - £12,034,711) (see note 21). The board do not recommend a final dividend (2021 – Nil).

Future prospects

The financial services and utilities sector, as well as other regulated businesses, continue to face the challenges of complying with existing and new regulations resulting in increased compliance demands. The directors believe that with the group's specialist knowledge, delivery expertise and technology capability, it continues to be well positioned to assist and drive better outcomes for its clients utilising its resourcing, advisory services, and contact centre services both onshore and offshore.

The strategy and focus of the directors continue to be the drive of further growth in respect of its established core revenue streams and development of its new complementary Flexible Resourcing and Contact Centre activities to establish longer term engagements and securing broader client partnerships. The 1,000-day plan is intended to support the group strategy in the future and provide a framework for the business.

Going Concern

The group has considerable financial resources together with long-term contracts across a range of clients as well as a flexible working solution providing optionality to its clients. The acquisition at the start of the year has enabled the group to increase its percentage of long-term revenue contracts from 34% in September-21 to c.57% in September-22. Aligned to the 1,000 day plan, the group has also seen a 33% increase in active clients throughout the year from c.51 to c.68 (of which some clients have a number of different engagements with the group) plus an increase in the number of billable resource of c.82.7% which takes the group over 4,400 resource as at September-22.

Throughout the year, the group continued to invest in its technology solution to support the working from home / hybrid working model in the UK. In addition to this, the group has also invested in additional technology in South Africa which ensures that the group has a business continuity solution in place in case of any civil unrest or any material events (such as flooding) which is outside of the groups control. Due to load shedding in South Africa, the group have back up generators for the offices which ensures that operations are able to continue without any impact to the engagements. As a result, the directors believe that the group is well placed to manage its business risks successfully.

Having prepared cash flow forecasts and stress testing modelling, including a reverse stress test, the directors have assessed that in their opinion there is no reasonably plausible scenario that could give rise to a short fall in cash available, or a breach of a banking covenant as per the term loan agreement. Therefore, in the opinion of the directors there is no material uncertainty with regards the group's and parent company's ability to continue operating as a going concern for a period including 12 months from the date of approval of these Financial Statements.

Financial risk

The principal financial risks applicable to and managed by the group are:

i) *Price risk*
Price risk is the risk of a decline in the value of a security or a portfolio. The group manages this risk by only holding cash deposits as detailed below and by not investing in financial instruments that are exposed to price risk.

ii) *Credit risk*

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is mainly exposed to credit risk from credit sales.

The group manages this risk by:
- Ensuring that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures
- Credit checking all customers before engaging with them in order to determine their financial stability
- Having a robust credit control and escalation process in place for any customers where their outstanding debt becomes overdue

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating 'A' are accepted.

Cash is held with the following institutions:

	Group 2022 £	Group 2021 £	**Company 2022 £**	Company 2021 £
HSBC UK	**(1,343,325)**	-	**(1,339,530)**	-
HSBC UK	**72,701**	-	-	-
Lloyds Banking Group		(3,329,294)		(4,293,211)
Santander	-	3,910	-	3,910
Mercantile Bank (Capitec Bank Limited)	**131,524**	-	-	-

iii) *Liquidity risk*

Liquidity risk arises from the group's management of working capital. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The group manages this risk by:
- Applying cash collection targets
- Utilising credit facilities where necessary
- Reviewing a rolling 3-month cash flow projections on a weekly basis

iv) *Cash flow interest rate risk*

Cash flow interest rate risk is the exposure to cash flow interest rate fluctuations on long term borrowings at variable rates. The group is exposed to interest rate fluctuations on its long-term borrowings. The group manages this risk by constantly monitoring interest rate changes alongside reviewing interest rate swap and cap options with HSBC. This is then used to determine the level of affordability of interest linked to the group's current working capital requirements.

v) *Foreign exchange rate risk*

Foreign exchange risk is the exposure to currency fluctuations from GBP to South African rand, thus resulting in a foreign exchange loss. The group manages this risk by contracting with its clients in the UK and invoicing in GBP. The groups South African subsidiary also invoices the group in GBP for the offshore operations it delivers on behalf of the group.

Directors

The directors of the group during the year and up to the date of signature of the accounts were:

Lord Brownlow
M Bonfield
B Rawson
M R Dodd
D Knight
B Sohi

Directors' indemnity

The group has indemnified the directors of the group against liability in respect of proceedings brought about by third parties, subject to conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force throughout the period and at the date of signing these accounts.

Employee involvement

Communication – A number of staff forums have been established, consisting of a mixture of democratically elected employee representatives and directors, who meet regularly to discuss a wide range of issues affecting employees' interests. Members of the staff forum are involved and consulted regarding key business changes. Furthermore, the Huntswood intranet along with regular email and newsletter updated are an effective communication tool across its geographical locations and includes features such as an open discussion board and regular business updates.

Reward - Every employee is eligible to make choices regarding their own benefits. An easy-to-access online service provides information about the range and value of their comprehensive reward package.

Training – The group positively encourages the continuous personal development of each employee and offers proactive services from the Learning and Development team which enable employees to excel.

Wellbeing – The group offers Employee Wellbeing which involves five interconnected elements; physical / mental, community, social, financial and career, which are commonly referred to as the '5 Pillars' of wellbeing. The group has Wellbeing Champions, which represent all areas of the business who meet regularly to discuss all aspects of Employee Wellbeing and assist with initiatives and events. The Champions provide feedback to the business to help ensure the ongoing strategy continues to be relevant and flexible to employees' requirements.

Employee Assistance Programme – An external provider has also been introduced which offers additional wellbeing support to our employees to reduce stress and other mental health issues.

Disabled persons

We are dedicated to creating and maintaining a culturally and socially diverse workplace that offers the best opportunities to the widest range of talented individuals. The group is committed to offering continuous support, assistance, and training to encourage participation and career development for all employees, both able-bodied and disabled.

Where existing employees become disabled, it is the group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and provide training and career development and promotion wherever it is deemed appropriate.

Research & Development

The Group had an R&D claim of £268,613 in 2022 (2021 - £Nil).

Political donations

During the year, no political donations were made by group companies (2021 - £Nil).

Post balance sheet events

As at the financial year end, the group breached its banking loan covenants in relation to cashflow cover and leverage. The covenant breach was waived post year end by HSBC. As a result of the breach, the terms of the loans have been amended with HSBC which includes the financial covenants. The group has been compliant with the revised covenants to date

Directors' statement as to disclosure of information to auditors

All the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the group's auditor is unaware.

Share based payments

No share based payment expenses have been recognized as they were deemed to be immaterial in the year.

Energy and Carbon Report

Quantification and reporting methodology

We have followed the HM Treasury Sustainability Reporting Guidance 2021-22. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in Kgs CO2 equivalent per person (based on average headcount of Huntswood perms across the year). To note, emission reporting are prepared for the group, but for UK entities only, South Africa measures are excluded to be comply with HM Treasury Sustainability Reporting Guidance.

Measures taken to improve energy efficiency

The group continue to strive for energy and carbon reduction arising from their activities, however during this financial period no Principal Energy Efficiency Actions were undertaken.

The group's data is as follows:

STREAMLINED ENERGY AND CARBON REPORTING FOR PERIOD OCTOBER 2021 TO SEPTEMBER 2022

	2022	2021
Energy consumption	**kWh**	**kWh**
Aggregate of energy consumption in the year		
- Grid Electricity	194,901	232,633
- Natural Gas	637,799	370,954
- Grey Fleet	300,749	27,903
	1,133,449	631,490

	2022	2021
Emissions of CO2 equivalent	**metric tonnes**	**metric tonnes**
Scope 1 - direct emissions		
- Natural Gas	116.42	67.94
Scope 2 - indirect emissions		
- Electricity purchased	37.69	49.40
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by Huntswood	232.84	9.68
Total gross emissions	386.95	127.02
Intensity ratio		
Kgs CO2e per person (per m^2 in 2022)	0.13	0.06

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company 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 group and company 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
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 group's transactions and disclose with reasonable accuracy at any time the financial position of 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

A resolution to reappoint BDO LLP as auditor will be put to the members at the Annual General Meeting in accordance with Section 485 of the Companies Act 2006.

On behalf of the Board

Lord Brownlow
Director

Date: 28th September 2023

Opinion on the financial statements

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 30 September 2022 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Huntswood CTC Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2022 which comprise the Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated statement of cash flows and related notes, Company balance sheet, Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or 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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

Other Companies Act 2006 reporting

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

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

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

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included:

- Obtaining an understanding of the legal and regulatory framework that the Group operates in, focussing on those laws and regulations that had a significant effect on the consolidated financial statements or that had a fundamental effect on the operations of the Group, namely:
    - Companies Act 2006;
    - United Kingdom Generally Accepted Accounting Practice; and
    - Relevant tax legislation.

- Enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - challenging assumptions made by management in their significant accounting estimates and considering if there were any indications of bias in the application of these judgements.
- Discussing among the engagement team, including significant component audit teams, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Identifying and testing journal entries, in particular those journal entries considered most susceptible to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:
Chris Pooles
F75710324A07463...

Christopher Pooles (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, UK
Date: 28 September 2023

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

Huntswood CTC Limited

Consolidated statement of comprehensive income for the year ended 30 September 2022

	Note	2022 £	2021 £
Turnover	3	**122,404,707**	127,416,311
Cost of sales		**(101,969,873)**	(99,468,554)
Gross profit		**20,434,834**	27,947,757
Other operating income		**1,049,440**	-
Administrative expenses		**(23,124,733)**	(19,658,351)
Operating (loss)/profit	6	**(1,640,459)**	8,289,406
Interest receivable and similar income	7	**60,193**	56,994
Foreign exchange loss		**(6,536)**	-
Interest payable and similar charges	8	**(930,105)**	(18,053)
(Loss)/Profit on ordinary activities before taxation		**(2,516,907)**	8,328,347
Tax on (loss) / profit on ordinary activities	9	**505,989**	(1,646,950)
(Loss)/Profit and total comprehensive income for the year		**(2,010,918)**	6,681,397

All recognised gains and losses in the current and prior year are included in the statement of comprehensive income; accordingly, no separate statement of other comprehensive income has been prepared.

The notes on pages 33 to 60 form part of these financial statements.

Huntswood CTC Limited

Consolidated balance sheet
at 30 September 2022

Company number 03969379

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	10	**21,436,926**	1,755,612
Tangible fixed assets	11	**3,003,099**	727,655
Total fixed assets		**24,440,025**	2,483,267
Current assets			
Cash		**204,225**	967,827
Debtors	13	**28,536,563**	21,600,213
Total current assets		**28,740,788**	22,568,040
Creditors: amounts falling due within one year	14	**(48,484,271)**	(22,642,140)
Net current liabilities		**(19,743,483)**	(74,100)
Total assets less current liabilities		**4,696,542**	2,409,167
Provision for liabilities and charges	16	**(5,665,936)**	(870,054)
Net assets		**(969,394)**	1,539,113
Capital and reserves			
Called up share capital	17	**37,304**	30,393
Share premium		**10,294**	3,316
Capital redemption		**40,080**	40,014
Profit and loss account		**(1,045,528)**	1,465,390
Foreign exchange reserve		**(11,544)**	-
Shareholders' funds		**(969,394)**	1,539,113

The financial statements were approved by the Board of Directors and authorised for issue on: 28th September-23

Lord Brownlow
Director

The notes on pages 33 to 60 form part of these financial statements.

Huntswood CTC Limited

Consolidated statement of changes in equity
for the year ended 30 September 2022

	Share Capital £	Share premium £	Capital redemption £	Foreign exchange reserve £	Profit and loss account £	Total Equity £
1 October 2021	**30,393**	**3,316**	**40,014**	-	**1,465,390**	**1,539,113**
Comprehensive income for the year						
Loss for the year	-	-	-	-	**(2,010,918)**	**(2,010,918)**
Total comprehensive income for the year	-	-	-	-	**(2,010,918)**	**(2,010,918)**
Contributions by and distributions to owners						
Dividends (note 20)	-	-	-	-	**(500,000)**	**(500,000)**
Repurchase and cancellation of ordinary shares (note 17)	**(66)**	-	**66**	-	-	-
Issue of new shares	**6,977**	**6,978**	-	-	-	**13,955**
Currency translation differences	-	-	-	**(11,544)**	-	**(11,544)**
Total contributions by and distributions to owners	**6,911**	**6,978**	**66**	**(11,544)**	**(500,000)**	**(497,589)**
30 September 2022	**37,304**	**10,294**	**40,080**	**(11,544)**	**(1,045,528)**	**(969,394)**

The notes on pages 33 to 60 form part of these financial statements.

Huntswood CTC Limited

Consolidated statement of changes in equity
for the year ended 30 September 2022 *(continued)*

	Share Capital £	Share premium £	Capital redemption £	Profit and loss account £	Total Equity £
1 October 2020	**33,199**	**3,316**	**37,208**	**6,818,704**	**6,892,427**
Comprehensive income for the year					
Profit for the year	-	-	-	6,681,397	6,681,397
Total comprehensive income for the year	-	-	-	6,681,397	6,681,397
Contributions by and distributions to owners					
Dividends (note 19)	-	-	-	(12,034,711)	(12,034,711)
Repurchase and cancellation of ordinary shares (note 16)	(2,806)	-	2,806	-	-
Total contributions by and distributions to owners	(2,806)	-	2,806	(12,034,711)	(12,034,711)
30 September 2021	**30,393**	**3,316**	**40,014**	**1,465,390**	**1,539,113**

The notes on pages 33 to 60 form part of these financial statements.

Huntswood CTC Limited

Consolidated statement of cash flows
for the year ended 30 September 2022

		2022	2021
		£	£
Cash flows from operating activities			
Profit/(loss) for the financial year		**(2,010,918)**	6,681,397
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	10,11	**2,507,971**	1,017,709
Net interest payable/(receivable)	7,8	**869,913**	(38,941)
Taxation expense	9	**(505,989)**	1,646,950
(Increase)/Decrease in trade and other debtors		**(2,581,986)**	10,071,907
Increase/(Decrease) in trade and other creditors		**2,432,030**	(18,477,946)
(Decrease) in provisions		**-**	(67,280)
Foreign exchange		**(10,573)**	-
Cash from operations		**700,448**	833,796
Interest paid	8	**(930,105)**	(18,053)
Taxation paid		**(1,524,455)**	(1,255,090)
Net cash generated from operating activities		**(1,754,112)**	(439,347)
Cash flows from investing activities			
Purchases of tangible fixed assets	11	**(2,351,064)**	(270,519)
Purchase of intangibles	10	**(10,625)**	(210,308)
Interest received	7	**60,193**	56,994
Consideration paid for purchase of subsidiary, net of cash acquired	21	**(17,598,961)**	-
Net cash from investing activities		**(19,900,457)**	**(423,833)**
Cash flows from financing activities			
Equity dividends paid		**(500,000)**	(12,034,711)
Shareholder loan		**86,045**	-
Company repurchase of own shares		**(66)**	(2,806)
Bank loan received		**16,000,000**	-
Bank loan repaid		**(2,000,001)**	-
Bank loan fees repaid		**(200,000)**	-
Shares issued		**13,956**	-
Finance lease capital repayments		**(65,037)**	-
Drawdowns from purchase card		**15,855,716**	-
Payments to purchase card		**(11,876,892)**	-
Drawdowns from invoice discounting facility		**127,822,863**	-
Customer receipts paid into invoice discounting facility		**(121,295,731)**	-
Net cash used in financing activities		**23,840,853**	(12,037,517)
Net increase/(decrease) in cash and cash equivalents		**2,186,284**	(12,900,697)
Cash and cash equivalents at beginning of year		**(3,325,384)**	9,575,313
Cash and cash equivalents at end of year		**(1,139,100)**	(3,325,384)
Cash and cash equivalents comprise:			
Cash in bank and in hand		**204,225**	967,827
Bank overdraft		**(1,343,325)**	(4,293,211)
		(1,139,100)	(3,325,384)

The notes on pages 33 to 60 form part of these financial statements.

Consolidated analysis of net debt

	At 1 October 2021 £	Cash flows £	Acquisition of subsidiaries £	Non-cash £	At 30 September 2022 £
Cash at bank and in hand	967,827	(1,714,602)	951,000	-	204,225
Term loan A	-	(5,799,999)	-	-	(5,799,999)
Term loan B	-	(8,000,000)	-	-	(8,000,000)
Finance leases	-	60,032	(242,068)	12,379	(169,657)
Bank overdraft	(4,293,211)	2,949,886	-	-	(1,343,325)
Invoice discounting facility (net)	-	(6,527,132)	-		(6,527,132)
Purchase Card	-	(3,978,824)	-		(3,978,824)
	(3,325,384)	(23,010,639)	708,932	12,379	(25,614,712)

Non- cash movements constitute interest accrued on the finance leases.

The notes on pages 33 to 60 form part of these financial statements.

Huntswood CTC Limited

Company balance sheet
at 30 September 2022

Company number 03969379	Note	2022 £	2021 £
Fixed assets			
Intangible assets	10	**1,267,065**	1,755,612
Tangible fixed assets	11	**750,657**	717,244
Investments	12	**17,661,783**	-
Current assets			
Cash		-	3,910
Debtors	13	**15,328,051**	17,009,083
Total current assets		**15,328,051**	17,012,993
Creditors: amounts falling due within one year	14	**(36,723,741)**	(16,613,502)
Net current (liabilities)/assets		**(21,395,690)**	399,491
Total assets less current liabilities		**(1,716,185)**	2,872,346
Provision for liabilities and charges	16	**(870,054)**	(870,054)
Net assets		**(2,586,239)**	2,002,292
Capital and reserves			
Called up share capital	17	**37,304**	30,393
Share premium		**10,294**	3,316
Capital redemption		**40,080**	40,014
Profit and loss account		**(2,673,917)**	1,928,569
Shareholders' funds		**(2,586,239)**	2,002,292

The company's individual profit and loss account has been approved in accordance with section 414(1) (approval by directors) of the Companies Act 2006 but the company has taken advantage of the exemptions allowed under s408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

The consolidated profit for the year includes the company's individual loss after tax of £4,102,486 (2021 - profit of £6,472,243).

The financial statements were approved by the Board of Directors and authorised for issue on: 28th September - 23

Lord Brownlow
Director

The notes on pages 33 to 60 form part of these financial statements.

Huntswood CTC Limited

Company statement of changes in equity for the year ended 30 September 2022

	Share Capital £	Share premium £	Capital redemption £	Profit and loss account £	Total Equity £
1 October 2021	**30,393**	**3,316**	**40,014**	**1,928,569**	**2,002,292**
Comprehensive income for the year					
Loss for the year	-	-	-	(4,102,486)	(4,102,486)
Total comprehensive income for the year	-	-	-	(4,102,486)	(4,102,486)
Contributions by and distributions to owners					
Dividends (note 19)	-	-	-	(500,000)	(500,000)
Repurchase and cancellation of ordinary shares (note 16)	(66)	-	66	-	-
Issue of new shares	6,977	6,978	-	-	13,955
Total contributions by and distributions to owners	6,911	6,978	66	(500,000)	(486,045)
30 September 2022	37,304	10,294	40,080	(2,673,917)	(2,586,239)

The notes on pages 33 to 60 form part of these financial statements.

Huntswood CTC Limited

Company statement of changes in equity
for the year ended 30 September 2022 *(continued)*

	Share Capital £	Share premium £	Capital redemption £	Profit and loss account £	Total Equity £
1 October 2020	**33,199**	**3,316**	**37,208**	**7,491,037**	**7,564,760**
Comprehensive income for the year					
Profit for the year	-	-	-	6,472,243	6,472,243
Total comprehensive income for the year	-	-	-	6,472,243	6,472,243
Contributions by and distributions to owners					
Dividends (note 19)	-	-	-	(12,034,711)	(12,034,711)
Repurchase and cancellation of ordinary shares (note 16)	(2,806)	-	2,806	-	-
Total contributions by and distributions to owners	(2,806)	-	2,806	(12,034,711)	(12,034,711)
30 September 2021	**30,393**	**3,316**	**40,014**	**1,928,569**	**2,002,292**

The notes on pages 33 to 60 form part of these financial statements.

1 Accounting policies

Huntswood CTC Limited is a private company limited by shares and incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 2).

Parent company disclosure exemptions:

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company as a cashflow statement has been provided in respect of the group as a whole
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Going concern:

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group and parent company can continue in operational existence for a period including 12 months from the date of approval of the financial statements.

During the year, at an operating level (before applying the charge for amortisation of goodwill and depreciation) the group traded profitability. The goodwill recognised in the statutory accounts is related to the acquisition of the CXP Group, of which the group acquired on the 25th October 21. The investment into the CXP Group is delivering profitable returns contributing to the groups overall operating profits (before goodwill and deprecation).

Cash balances at the end of the year for the group were c.(£1.1m) vs c.(£3.3m) for the prior year. Post acquisition of the CXP Group, in order to fund the working capital of the business, the group entered into an invoice discounting facility agreement with HSBC. The group has an invoice discounting facility of £12m of which c.£6.5m was drawn at the year end.

Despite the group having net liabilities as at 30 September 2022 of c.(£0.97m) the group has no concerns with its ability to deliver for its clients in the future. As at September-22, the group had net current liabilities of c.£19.7m which was driven due to a breach of September-22 banking covenants (which was subsequently waived by HSBC post year-end) and the reclassification of the groups term loan balances to current liabilities instead of liabilities falling due greater than one year. It is fully expected that the group will have net assets within the next 12 months which will be driven by increased profitability (particularly from the growth in its South Africa contact centre) along with the continued repayment of Term Loan A.

1 Accounting policies *(continued)*

The group continues to provide flexible delivery solutions and a more balanced mix of flexible and permanent resources for clients. The quality and sustainability of the home working solution enables the group to provide its services at a high standard without interruption.

The group's primary markets are the financial services, insurance and utilities sectors as well as other regulated businesses.

The directors believe that the business is best placed to offer different solutions to its clients aligned with the client's appetite on how they want the operations to be delivered whether that is at a client's office, on the groups site (onshore and offshore), or home working with laptops being provided by either the client or the group.

The directors have prepared cash flow forecasts for the company and group for a period including 12 months from the date of approval of these financial statements. These cash flow forecasts show that the group and parent company are able to operate within the new facilities available.

The directors have performed a downside scenario test to model a significant level of pipeline sales decline of 25% to assess the impact on cash flows. The directors have also agreed that dividends and annual bonuses will only be paid after ensuring that the banking covenants are forecast to be complied with. The results of this stress testing is that the directors are confident that the business has sufficient cash liquidity to sustain very significant and prolonged reductions in trading revenue.

The directors also modelled a reverse stress test scenario which showed that the forecasts could withstand a pipeline sales decline of 145% before banking covenants would be breached. Meaning that 100% of the current pipeline revenue wouldn't be won, plus a drop of c.45% of current contracted revenue. The board considers the impact of this scenario to be highly unlikely.

Having prepared cash flow forecasts and stress testing modelling, including the reverse stress test, the directors have assessed that in their opinion there is no reasonably plausible scenario that could give rise to a short fall in cash available, or a breach of a banking covenant as per the term loan agreement. Therefore, in the opinion of the directors there is no material uncertainty with regards the group's and parent company's ability to continue operating as a going concern for a period including 12 months from the date of approval of these Financial Statements.

The directors consider that the group and parent company have adequate resources to continue in operational existence for the foreseeable future and they therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

Basis of consolidation:

The group financial statements consolidate the financial statements of Huntswood CTC Limited and its subsidiary undertakings drawn up to 30 September 2022. The purchase method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal. Intercompany transactions and balances between group companies are therefore eliminated in full.

No company profit and loss account is presented as permitted under Section 408 of the Companies Act 2006.

1 Accounting policies *(continued)*

The following companies have claimed the exemption under the UK Companies Act 2006 relating to the audit of individual accounts by virtue of S479A of the Act:

- Huntswood Resources Limited – Company number 03259719
- CXP Group Limited- Company number SC589751
- Husp Limited- Company number 12271333
- Huntswood Scotland Limited – Company number SC528098
- CXP-A Limited – Company number SC615317
- CXP-SA Limited- Company number SC615313
- CXP-IG Limited – Company number SC570546

The parent company, Huntswood CTC Limited has given a statement of guarantee under Companies Act 2006 Section 479C, whereby Huntswood CTC Limited will guarantee outstanding liabilities to which the above companies are subject as at 30 September 2022.

Turnover:

Turnover is recognised on the majority of our contracts based on a day rate (typically a time and material basis) or an hourly rate, which is recognised at the point when the service is provided to the end customer.

In the case of contracts which are in progress at the year end and where billing is rendered on account, revenue is recognised based on time incurred for the project which would either be based on a day rate or hourly rate.

To the extent that revenue recognised is in excess of billings on account, this is included in accrued income. Where billings are made in advance of work done this is included in deferred income.

Turnover related to the subsidiary Husp Limited represents the charge to the employees for the provision of their payroll services. The revenue is recognised monthly in line with the provision of the payroll service.

Other income:

Government grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. In the current year, this included the income received from the Department of Trade and Industry (DTI) in the South African subsidiary. The group has not directly benefited from any other forms of government assistance.

Investments:

Fixed asset investments are carried at cost less provisions for any permanent diminution in value.

The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1 Accounting policies *(continued)*

Intangible Assets:

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the profit and loss over its useful economic life.

Costs which are directly attributable to the development of computer software are capitalised as intangible assets only when the technical feasibility of the project is demonstrated, the group has an intention and ability to use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees' time spent directly involved in the project.

Other intangible assets include software and customer relationships. Software is initially recognised at cost. Customer relationships are initially recognised at fair value on acquisition. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation:

Amortisation is provided from the date of acquisition to write off the cost less estimated residual value of each asset on a straight-line basis over their useful economic life, as follow:

Software	4-5 years
Goodwill	10 years
Customer list and relationships	20 years

Tangible fixed assets:

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended.

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Depreciation:

Depreciation is provided to write off the cost, less estimated residual values, in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixture & fittings	3-4 years
Computer equipment	3-4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively 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 within 'administrative expenses' in the statement of comprehensive income.

1 Accounting policies *(continued)*

Impairment of assets:

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). 'on-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Financial assets:

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity:

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Finance costs:

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Current and deferred taxation:

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or 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 reporting date in the countries where the company's subsidiaries operate and generate taxable income.

1 Accounting policies *(continued)*

Current and deferred taxation (continued):

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

- 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.
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Leases:

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Statement of comprehensive income over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of comprehensive income in interest payable over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Provisions:

Provisions are made where an event has taken place that gives the group a legal or constructive obligation which could potentially result in an outflow of economic benefits in settlement. Provisions are only made when a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Pensions and other post-retirement benefits:

Contributions to defined contribution schemes are recognised in profit or loss in the period in which they become payable.

1 Accounting policies *(continued)*

Dividends:

Equity dividends are recognised when they are legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Holiday pay accrual:

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

Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions within the profit and loss are recorded monthly at the monthly spot rate. All differences are taken to the profit and loss account.

Reserves:

The group and company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.
- Gains/losses arising on retranslating the net assets of overseas operations into the functional currency.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and othe adjustments.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determined whether there are indicators of impairment of the group's tangible and intangible assets as well as the company's investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Judgements have been made as to when in the stage of development of software assets all the criteria required for the recognition of internally generated intangibles have been met, in accordance with FRS 102.
- Determined whether part of the consideration for the acquisition should be treated as post combination remuneration. Factors considered in assessing whether the retention amount should be expensed or capitalised as the cost of the business combination included determining whether the remuneration is linked to the continued employment of the key individuals mentioned in the sale and purchase agreement, reviewing the length of the continued employment required and assessing the size of the remuneration to determine if its reasonably in line with expected levels of key management remuneration.
- Determined that the purchase card facility is a financing facility rather than a trade creditor, resulting in repayments by the group to the facility being presented within financing activities. Judgement has also been applied to conclude that the bank is acting as the group's agent in making payments to suppliers via the purchase card facility, and therefore that these underlying cash flows are reported within operating activities in the statement of cash flows, as well as being a financing cash inflow.
- Considered presentation of cash flows relating to the invoice discounting facility and concluded that the bank is acting as the group's agent as the group is directing the agent to collect money from its trade debtors on its behalf. This has meant that the customer receipts into the facility are presented as an operating cash inflow and a financing cash outflow.

Other key sources of estimation uncertainty

Tangible and intangible fixed assets (see note 10 & 11)

Tangible and intangible fixed assets are depreciated/amortised over their useful lives considering residual values, where appropriate. The actual lives of the assets may vary depending on several factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The fair value of the intangible assets acquired on the business combination undertaken in the period were estimated using the income approach, whereby the value of the assets is based on the estimated anticipated cash flows relating to the particular asset. The fair values so derived are detailed in note 10.

3 Turnover

Turnover is predominantly derived within the United Kingdom through the provision of customer service back-office processing and compliance solutions, recruitment and consultancy solutions to third parties predominantly in the regulated retail financial services industry and utilities sectors of £119,097,254 in 2022 (2021 - £126,151,759).

Also, within the group the subsidiary Husp Limited provides an umbrella payroll service. Turnover is derived within the United Kingdom from the provision of payroll services to third parties of £3,307,453 in 2022 (2021 - £1,264,552).

Turnover is stated exclusive of value added tax.

4 Directors' remuneration

	2022	2021
	£	£
Wages and salaries	**1,508,113**	2,909,564
Other pension costs	**37,199**	37,096
	1,545,312	2,946,660

The amount in respect of the highest paid director was £503,178 (2021 - £1,296,690). Pension cost for the highest paid director was £Nil (2021 - £Nil). 4 directors were members of a company pension scheme during the year at a cost of £37,199 (2021 - £37,096).

5 Employee costs

Employee costs (including directors) during the year consist of:

	Group 2022 £	Group 2021 £	**Company 2022 £**	Company 2021 £
Wages and salaries	**83,946,341**	76,944,988	**13,143,542**	15,331,272
Social security costs	**8,017,965**	8,024,035	**1,623,192**	1,634,405
Other pension costs	**1,081,792**	1,020,360	**508,296**	458,591
	93,046,098	85,989,383	**15,275,030**	17,424,268

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

	Group 2022 Number	Group 2021 Number	**Company 2022 Number**	Company 2021 Number
Project staff	**3,515**	1,884	**182**	107
Administration	**318**	127	**123**	120
	3,833	2,011	**305**	227

A defined contribution pension scheme is operated by the group on behalf of the employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and are summarised above.

At the year end the group had pension contributions payable of £305,462 (2021 - £167,224), which includes an amount of £122,157 relating to Huntswood CTC Limited (2021 - £85,043), these are included within the accruals balance in note 14.

6 Operating (loss/)profit

Operating (loss)/profit is stated after charging/(crediting):

	2022	2021
	£	£
Amortisation of intangible assets (see note 10)	**1,515,951**	579,582
Depreciation - owned assets (see note 11)	**992,020**	438,127
Auditors' remuneration:		
- Audit fees relating to the parent company	**177,000**	102,000
- Audit fees relating to subsidiary	**34,000**	31,000
- Tax compliance services	**37,000**	17,600
- Tax advisory services	**107,941**	89,251
- Other assurance services	**7,780**	-
- Services related to corporate finance transactions	**44,000**	266,757
- Other non-audit services	**40,000**	3,100
Operating lease rentals:		
- Land and buildings	**1,481,811**	1,131,535
Difference on foreign exchange (gains)/losses	**6,535**	-
Research and development expense	**268,613**	-

7 Interest receivable and similar income

	2022	2021
	£	£
Bank interest	**3**	3,518
Other interest	**60,190**	53,476
	60,193	56,994

Included in other interest receivable are interest amounts received from a related party Huntswood Associates Limited of £60,190 (2021 - £48,513), additional details are included in note 22.

8 Interest payable and similar charges

	2022	2021
	£	£
Bank loans and overdrafts	**894,641**	13,090
Other interest	**35,464**	4,963
	930,105	18,053

9 Taxation

(a) Tax on (loss)/profit on ordinary activities	2022 £	2021 £
Current tax		
United Kingdom corporation tax at 19% based on the profit for the year (2021 – 19%)	-	1,623,038
Adjustment in respect of prior years	**(489,445)**	75,052
Foreign tax	**369,290**	-
	(120,155)	1,698,090
Deferred tax		
Timing differences, origination and reversal	**(385,824)**	(62,950)
Adjustments in respect of prior periods	**(10)**	-
Effect of tax rate change on opening balance	-	11,810
	(385,834)	(51,140)
Tax on (loss)/profit on ordinary activities	**(505,989)**	1,646,950

(b) Factors affecting the current tax charge

The tax assessed for the year is lower (2021 – lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2022 £	2021 £
(Loss)/Profit on ordinary activities before tax	**(2,516,907)**	8,323,188
(Loss)/Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021 - 19%)	**(478,212)**	1,581,406
Effects of:		
Expenses not deductible for tax purposes	**57,042**	4,193
Fixed asset timing differences	**(29,995)**	(10,402)
Income not taxable for tax purposes	-	-
Adjustment to tax charge in respect of previous years	**(489,445)**	75,052
Adjustment to tax charge in respect of previous years-deferred tax	**(10)**	-
R&D expenditure credits	**8,330**	-
Differences in overseas tax rates	**59,473**	-
Remeasurement of deferred tax for changes in tax rates	**366,828**	(3,299)
Total current tax	**(505,989)**	1,646,950

9 Taxation *(continued)*

(c) Deferred tax asset

The group has recognised a deferred tax asset of nil (2021 – £13,741). This amount has been net off against the deferred tax liability to reflect the net liability closing balance (Refer to note 16). Deferred tax assets are recognised only to the extent that directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing difference can be deducted. Finance Act 2021 was substantively enacted in May 2021 and increased corporation tax rate to 25% from 19% with effect from 1st April 2023. The deferred tax balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

10 Intangible assets

Group	Software £	Customer list and relationships £	Goodwill £	Total £
Cost				
At 1 October 2021	2,986,066	-	-	2,986,066
Additions	**10,625**	-	-	**10,625**
On acquisition of subsidiary	-	**20,189,244**	**997,397**	**21,186,641**
At 30 September 2022	**2,996,691**	**20,189,244**	**997,397**	**24,183,332**
Accumulated amortization				
At 1 October 2021	1,230,454	-	-	1,230,454
Charge for the year	**499,173**	**925,329**	**91,450**	**1,515,952**
At 30 September 2022	**1,729,627**	**925,329**	**91,450**	**2,746,406**
Net book value				
At 30 September 2022	**1,267,064**	**19,263,915**	**905,947**	**21,436,926**
At 30 September 2021	1,755,612	-	-	1,755,612

10 Intangible assets (continued)

Software relates to acquired intangible assets and are considered material to the Group. The carrying amount as at 30 September 2022 is £1,267,065 (30 September 2021: £1,755,612) and has an average estimated remaining useful life of 2 years.

Customer list and relationships were acquired on the acquisition of the subsidiaries and are considered material to the Group. The carrying amount as at 30 September 2022 is £19,263,671 (30 September 2021: £nil) and has an estimated remaining useful life of 20 years.

Goodwill arising on consolidation is being amortised over the directors' estimate of its useful life of 10 years. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Company	**Software** £	**Total** £
Cost		
At 1 October 2021	2,986,066	2,986,066
Additions	**10,625**	**10,625**
At 30 September 2022	**2,996,691**	**2,996,691**
Accumulated depreciation		
At 1 October 2021	1,230,454	1,230,454
Charge for the year	**499,172**	**499,172**
At 30 September 2022	**1,729,626**	**1,729,626**
Net book value		
At 30 September 2022	**1,267,065**	**1,267,065**
At 30 September 2021	1,755,612	1,755,612

11 Tangible fixed assets

Group	Fixtures, fittings and equipment £
Cost	
At 1 October 2021	9,899,520
Additions	**2,351,064**
Acquisition of subsidiary	**918,197**
Foreign exchange movement	**1,314**
At 30 September 2022	**13,170,094**
Accumulated depreciation	
At 1 October 2021	9,171,865
Charge for the year	**992,020**
Foreign exchange movement	**3,110**
At 30 September 2022	**10,166,995**
Net book value	
At 30 September 2022	**3,003,099**
At 30 September 2021	727,655

Included in the total net book value of fixtures, fittings and equipment is £9,683 (30 September 2021 - £Nil) in respect of assets held under finance leases or hire purchase contracts. Depreciation for the period on these assets was £34,715 (year ended 30 September 2021 - £Nil).

11 Tangible fixed assets (continued)

Company	**Fixtures, fittings and equipment £**
Cost	
At 1 October 2021	9,886,161
Additions	**523,145**
At 30 September 2022	**10,409,306**
Accumulated depreciation	
At 1 October 2021	9,168,917
Charge for the year	**489,731**
At 30 September 2022	**9,658,648**
Net book value	
At 30 September 2022	**750,657**
At 30 September 2021	717,244

12 Investments

	£
At 1 October 2021	-
Additions	18,799,961
Return of investment	(1,138,178)
At 30 September 2022	17,661,783

The return of investment was a dividend that was received immediately after the acquisition of the CXP Group.

The company has the following wholly owned subsidiary undertakings:

Name	Country of incorporation or registration	Class of Share capital held	Proportion of share capital held	Nature of business	Registered office address
Huntswood Resources Limited*	England and Wales	Ordinary	100%	Dormant	Abbey Gardens, Abbey Street, Reading, Berkshire, RG1 3BA
Husp Limited*	England and Wales	Ordinary	100%	Umbrella Services Provider	Abbey Gardens, Abbey Street, Reading, Berkshire, United Kingdom, RG1 3BA
CXP (Group) Limited*	Scotland	Ordinary	100%	Contact Centre Services	Empire House 1/1 131 West Nile Street, Glasgow, Scotland, G1 2RX
Huntswood Scotland Limited	Scotland	Ordinary	100%	Contact Centre Services	Empire House 1/1 131 West Nile Street, Glasgow, Scotland, G1 2RX
CXP A Limited	Scotland	Ordinary	100%	Dormant	Empire House 1/1 131 West Nile Street, Glasgow, Scotland, G1 2RX
CXP SA Limited	Scotland	Ordinary	100%	Dormant	Empire House 1/1 131 West Nile Street, Glasgow, Scotland, G1 2RX

I-CXP Limited	Scotland	Ordinary	100%	Dormant	1st Floor, Tara House, Bath Street, Glasgow, Scotland, G2 2EN
CXP IG Limited	Scotland	Ordinary	100%	Dormant	1st Floor, Tara House, Bath Street, Glasgow, Scotland, G2 2EN
Customer Experience People SA (PTY)	South Africa	Ordinary	100%	Contact Centre Services	CXP House 2 Park Lane Umhlanga 4319

The * against the subsidiaries, identifies the subsidiaries that are directly owned by Huntswood CTC Limited

13 Debtors

	Group 2022 £	Group 2021 £	**Company 2022 £**	Company 2021 £
Trade debtors	**12,275,538**	6,903,271	**6,864,059**	6,813,862
Prepayments and accrued income	**13,141,155**	12,531,677	**5,425,816**	8,049,429
Other debtors	**71,164**	71,394	**36,890**	51,949
Amounts due from related party (note 22)	**2,151,675**	2,080,130	**2,151,675**	2,080,130
Amounts due from Husp Limited (note 22)	**-**	-	**-**	6,587
Deferred tax (see analysis in Note 16)	**-**	13,741	**21,907**	7,126
Corporation tax recoverable	**897,031**	-	**827,704**	-
	28,536,563	21,600,213	**15,328,051**	17,009,083

All debtors are due within one year.

14 Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	**Company 2022 £**	Company 2021 £
Bank overdraft (secured)	**1,343,325**	4,293,211	**1,339,530**	4,293,211
Finance lease liabilities	**169,657**	-	-	-
Trade creditors	**1,560,448**	946,901	**871,349**	946,901
Corporation tax	-	52,089	-	4,743
Other taxes and social security	**5,398,213**	3,406,085	**2,136,917**	1,977,592
Other creditors	**11,366,770**	69,805	**8,349,767**	-
Accruals	**14,279,776**	13,511,836	**7,828,746**	9,028,842
Term loans	**13,799,999**	-	**13,799,999**	-
Deferred income	**216,083**	362,213	**216,083**	362,213
Deferred consideration	**250,000**	-	**250,000**	-
Shareholders loan	**100,000**	-	**100,000**	-
Amounts due to group undertakings	-	-	**1,831,350**	-
	48,484,271	22,642,140	**36,723,741**	16,613,502

Included within the group and company other creditors is a balance of £6,527,132, and £4,370,943 respectively which is related to an invoicing discounting facility. The invoice discounting facility is secured by the fixed and floating charges over the group's assets.

Included within the group and company other creditors is a balance of £3,978,824 relating to the purchase card facility.

On the 25th October 2021, the group secured two term loans (equating to £16,000,000) with HSBC to acquire the CXP Group. Term loan A is £8,000,000 and is repayable over a 3 year period, with repayments being made quarterly with the quarters falling in January, April, July and October. Interest on Term Loan A is 2.5% above SONIA, which is payable on the same quarter periods as the repayments. As at 30 September 2022, the balance remaining on Term Loan A is £6,000,000 of which £2,670,000 is repayable within one year and £3,340,000 is repayable over one year.

Term Loan B is £8,000,000 and is repayable in full on the 25th October 2024. Interest is paid quarterly on Term Loan B, with the payments due on the quarters falling January, April, July and October. Interest payable on Term Loan B is 2.75% above SONIA.

The term loan above relates to a loan from HSBC which is secured by the fixed and floating charges over the groups assets.

As at the year end, the group had breached the loan covenants relating to cashflow cover and leverage and as a result of the breach, the total term loan balance of £13,799,999 was therefore disclosed as a current liability as at the year end instead of classifying £11,133,333 as a liability falling due after one year.

The covenant breach was waived post year end by HSBC. As a result of the breach, the terms of the loans have been amended with HSBC which includes the financial covenants. The group has been compliant with the revised covenants to date.

15 Deferred taxation

Deferred tax (assets)/liabilities

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
At 1 October 2021	**(13,741)**	37,398	(7,126)	42,558
Charged to profit or loss	**(385,824)**	(51,139)	(14,781)	(49,684)
Arising from business combination	**5,195,447**	-	-	-
At 30 September 2022	**4,795,882**	(13,741)	**(21,907)**	(7,126)

The deferred tax balance is made up as follows:	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Deferred tax (assets)/liabilities				
Fixed asset timing differences	**28,482**	16,792	3,827	14,189
Short term timing differences	**(179,455)**	(30,533)	(91,241)	(21,315)
Capital losses	**(39,334)**	-	-	-
Losses and other deductions	-	-	65,507	-
Deferred tax arising on business combination	**4,986,189**	-	-	-
Total deferred tax (assets)/liability	**4,795,882**	(13,741)	**(21,907)**	(7,126)

The deferred tax balance arising from the business combination relates to temporary differences arising from the acquisition of customer lists and relationships.

16 Provisions for liabilities and charges

Group

	Legal Provision £	Dilapidations £	Deferred tax £	Total £
At 30 September 2021	340,000	530,054	-	870,054
Charged to profit or loss	-	-	(385,824)	(385,824)
Arising from business combination	-	-	5,195,447	5,195,447
Amount reclassified from debtors	-	-	(13,741)	(13,741)
At 30 September 2022	**340,000**	**530,054**	**4,795,882**	**5,665,936**

Company	Legal Provision £	Dilapidations £	Total £
At 30 September 2021	340,000	530,054	870,054
Credit to income statement	-	-	-
At 30 September 2022	**340,000**	**530,054**	**870,054**

Provisions for dilapidations are recognised on properties where the terms of the lease require restitution to be made for any changes; the expected maturity date for the provision is at the end of lease terms. The legal provision is an estimated cost of settling an outstanding claim.

The deferred tax balance which relates to business combination relates to temporary differences arising from the acquisition of customer lists and relationships.

17 Called up share capital

	2022 £	2021 £
Allotted, called up and fully paid		
2,179,129 (2021 - 2,179,129) ordinary shares of £0.01 each	**21,792**	21,792
853,474 "A" ordinary shares of £0.01 each	**8,535**	8,535
B ordinary shares of £0.01 each	**-**	66
D ordinary shares of £0.01 each	**6,977**	-
	37,304	30,393

Income rights

Ordinary shares have the right to any profits resolved to be distributed in any financial year.
A ordinary shares have the right to any profits resolved to be distributed in any financial year.
D ordinary shares have no right to receive any distribution of profits in any financial year.

Capital rights

Ordinary shares have the right to receive assets of the company available for distribution after payment of it's liabilities.
A ordinary shares have the right to receive assets of the company available for distribution after payment of it's liabilities.
D ordinary shares have the right to receive assets of the company available for distribution after payment of it's liabilities where proceeds exceed £170 million.

Voting rights

Ordinary shares have the right to attend and vote at any general meeting of the company.
A ordinary shares do not have the right to attend or vote at any general meeting of the company.
D ordinary shares do not have the right to attend or vote at any general meeting of the company.

No share based payment expenses have been recognized as they were deemed to be immaterial in the year.

Current year

On the 18th May 2022, 697,743 'D' ordinary shares were allotted and paid at a premium of £0.01 per share in line with the company's articles of association.

On the 30th September 2022, 6,600 'B' ordinary shares in issue were purchased and cancelled by the company at nominal value in line with the company's articles of association.

17 Called up share capital (continued)

Prior year

On the 30th October 2020, 4,400 ordinary shares in issue were purchased and cancelled by the company at nominal value in line with the company's articles of association.

On the 30th November 2020, 6,600 ordinary shares in issue were purchased and cancelled by the company at nominal value in line with the company's articles of association.

On 31st March 2021, 264,085 ordinary shares in issue were purchased and cancelled by the company at nominal value in line with the company's articles of association.

On the 30th April 2021, 5,500 ordinary shares in issue were purchased and cancelled by the company at nominal value in line with the company's articles of association.

18 Commitments under operating leases

The group had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 2022 £	**Other 2022 £**	Land and buildings 2021 £	Other 2021 £
Not later than 1 year	**1,727,468**	**1,452**	1,414,945	1,452
Later than 1 year and not later than 5 years	**3,557,054**	**-**	2,262,078	1,452
Later than 5 years	**102,788**	**-**	-	-
	5,387,310	**1,452**	3,677,023	2,904

19 Financial instruments

The Group's and Company's financial instruments may be analysed as follows:

	Group 2022 £	Group 2021 £	**Company 2022 £**	Company 2021 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**25,598,014**	20,274,098	**9,130,771**	14,728,168
Financial liabilities				
Financial liabilities measured at amortised cost	**42,869,974**	18,821,754	**32,755,474**	14,268,954

Financial assets measured at amortised cost comprise trade debtors, cash, accrued income and other debtors (also includes the amounts from related parties).

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, accruals, finance leases, deferred consideration, amounts due to group undertakings and other creditors.

20 Dividends

	2022 £	2021 £
Ordinary Shares		
Interim paid of £0.56 on 01 December 2020	-	1,358,175
Interim paid of £0.70 on 19 January 2021	-	1,725,394
Interim paid of £0.42 on 2 June 2021	-	917,216
	-	4,000,785
'A' Ordinary Shares		
Interim paid of £0.59 on 10th March 2022	**500,000**	
Interim paid of £1.94 on 01 December 2020	-	1,658,651
Interim paid of £2.87 on 22 December 2020	-	2,449,078
Interim paid of £1.72 on 18 January 2021	-	1,471,924
Interim paid of £0.59 on 24 March 2021	-	500,000
Interim paid of £0.09 on 27 April 2021	-	75,000
Interim paid of £1.03 on 02 June 2021	-	879,273
Interim paid of £0.59 on 25 June 2021	-	500,000
Interim paid of £0.59 on 22 September 2021	-	500,000
	500,000	8,033,926
Total dividends paid during the year	**500,000**	12,034,711

21 Business Combinations

On 25 October 2021, Huntswood CTC Limited acquired 100% equity in CXP (Group) Limited (and its subsidiaries as shown in note 12) a UK based company who provide contact centre services.

	Fair value £
Fixed assets	
Tangible assets	907,197
Other fixed assets	11,000
Intangible assets	
Customer relationships	20,189,244
Current assets	
Trade debtors	2,028,584
Other debtors	1,732,379
Cash	951,000
Total assets	25,819,404
Creditors	
Trade creditors	(587,212)
Other creditors	(2,025,124)
Finance lease liabilities	(242,068)
Deferred tax	(5,162,436)
Net assets	**17,802,564**
Goodwill	997,397
Total purchase consideration	18,799,961
Purchase consideration (including directly attributable costs)	18,799,961
Cash acquired	(951,000)
Deferred consideration	(250,000)
Cash outflow on acquisition	**17,598,961**

The fair value of net assets of CXP was assessed at acquisition and the only fair value adjustment made was to the intangible assets to reflect the recognition of customer lists and relationships. For all other assets the fair value approximates the book value of the assets at acquisition. The deferred tax recognised is in relation to the customer relationship intangible asset.

21 Business Combinations (continued)

The intangible asset relating to customer lists and customer relationships was recognised separately from goodwill as it was felt to be a separately identifiable asset at acquisition.

Since the acquisition date, CXP (Group) Limited has contributed £38,460,281 to group turnover and £2,839,166 to group profit.

22 Related party transactions

The Company's ultimate controlling party is considered to be Lord Brownlow by way of his majority shareholding in the ordinary share capital of the company.

At 30 September 2022, there was a loan balance owed by Huntswood Associates Limited ("HAL") of £1,864,815 (2021 - £1,804,625) a company of which Lord Brownlow is a director and sole shareholder.

Related party HAL loan is interest bearing at 2.50% above base rate. Interest is rolled up and the amount credited to profit or loss in the period was £60,190 (2021 - £48,513) as detailed in note 7.

During the year ended 30 September 2022, dividends of £500,000 were paid on the 'A' ordinary shares to Huntswood Associates Limited (2021 – £8,033,926).

During the year an amount of £550,925 (2021 – £780,020) was invoiced by Huntswood CTC to Lord Brownlow in regard to the reimbursement of employee costs for personnel who were administered through the Huntswood CTC payroll on behalf of Lord Brownlow. As at 30 September 2022 the outstanding balance was £286,860 (2021 - £275,505).

On the 30th of September, Lord Brownlow injected £100,000 into the business to provide some short term working capital requirements of the group whilst it continues to grow. The Directors loan is not interest bearing and the outstanding balance as of 30 September 2022 was £100,000.

Key management and director transactions

Key management personnel are those people who have authority and responsibility for planning, directing, and controlling the activities of the group, including the directors of the group.

The total compensation including pension costs paid to key management personnel for services provided to the group was £1,545,312 (2021 - £2,942,678). Employer national insurance contribution on key management compensation was £281,868 (2021 - £407,489).

Dividends totaling £500,000 (2021 - £3,960,592) were paid to directors and key management personnel during the year.

During the year 6,600 shares owned by directors and key management were purchased and cancelled by the company of the value £66 (2021 – 280,585). Further 697,743 shares were purchased at a nominal value of 1p each totaling £6,977.

During the year 697,743 D ordinary shares were issued at £0.01 each. These shares have no rights to receive any distribution of profits in any financial year and do not have the right to attend or vote at any general meeting of the company. However, these shares have the right to receive assets of the company available for distribution after payment of it's liabilities where sale proceeds exceed £170 million.

During the year loans were issued to key management with a balance outstanding at year end of £13,955.

22 Post balance sheet events

The covenant breach was disclosed in note 14 was waived post year end by HSBC. As a result of the breach, the terms of the loans have been amended with HSBC which includes the financial covenants. The group has been compliant with the revised covenants to date.