

**Huntswood Scotland Limited
(Formerly Customer Experience
People Limited)**

Directors Report and Unaudited Financial Statements

For The Period Ended

30 September 2022

Registered Number: SC528098



Huntswood Scotland Limited (Formerly Customer Experience People Limited)

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Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Company Information

Directors	M Bonfield Lord Brownlow M R Dodd S B Hosseini Sohi D Knight B J Rawson
Registered number	SC528098
Registered office	Empire House 1/1 131 West Nile Street Glasgow G1 2RX
Accountants	BDO LLP R+ 2 Blagrove Street Reading RG1 1AZ

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Strategic Report For the Period Ended 30 September 2022

Principal activities

The principal activities and core services of the company during the period were the provision of business process outsourcing services to clients where the company's clients are mainly in regulated industries including the insurance and utilities sectors.

Results and dividends

The company profit for the period, after taxation, amounted to £2,439,530 (2021: £3,625,638).

Dividends declared and paid during the period on Ordinary shares and 'A' Ordinary shares amounted to £1,889,561 (2021: £804,240) (see note 9).

Key financial performance indicators

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

	2022	2021	Movement
Turnover	44,995,927	16,408,590	28,587,337
Operating profit	2,584,860	4,291,145	(1,706,285)
EBITDA	2,794,873	4,474,699	(1,679,826)
Return to shareholders	1,889,561	804,240	1,085,321
Current assets as a proportion of current liabilities	1.62	1.87	(0.25)

During the period, the company saw an increase in its reported turnover from prior year of c.£28.6m. This significant increase in turnover (c.174%) is due to the fact that the current period is based on an 18-month accounting period whereas prior year is reported on a 12-month basis. The company extended its accounting period during the year to be aligned to that of its parent company extending its financial year end from March-22 to September-22.

An approximate 12-month revenue (assuming revenue occurs evenly throughout the year), would indicate that an annual turnover figure for FY22 would equate to c.£30m which vs FY21 would represent a c.83% annualized increase in revenue.

The increase in the company's revenue is due to growth in its campaigns within the utilities and insurance related sectors. This growth is due to a combination of expansions within existing clients, migration of part of existing clients from the UK to South Africa and new clients onboarded. Over the period, the company has grown its operations in South Africa and as at September-22, the South Africa delivery centre revenue now accounts for c.42% of the overall monthly group revenues.

Despite the increase in revenue, EBITDA has decreased over the 18-month period vs prior year. The main reason for this decrease is because in the previous year the company took advantage of c.£1.3m of Scottish Grants of which the amount in the current period was nil. In addition to this, the EBITDA for the current period has been artificially reduced by c.£665k which is due to amounts paid out by the previous shareholders on completion of selling the CXP Group to Huntswood CTC in October-21. There were also additional costs within the current period to the integration of the company into the group. Synergies have been recognized and restructures have taken place within the period in order to right size the business going forward.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Strategic Report (continued) For the Period Ended 30 September 2022

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. The key 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 these key financial performance indicators.

Review of developments

On the 25 October 2021, CXP (Group) which owns 100% of the share capital of the company was acquired by Huntswood CTC Limited. As a result of the acquisition, on the 4 April 2022, the company changed its name to Huntswood Scotland Limited from Customer Experience People Limited. In addition to the company's name change, it's accounting year was also extended from March-22 to September-22 to align to that of the parent company.

Through the acquisition, the directors firmly believe that the company is now able to offer a full end to end solution for its clients onshore with the parent company's expertise in resourcing and outsourcing and offshore providing contact centre services.

Since the acquisition, the company has experienced growth in both its UK and South Africa contact centres. Billable resource in the UK has increased by c.50% whereas the offshore business in South Africa has experienced c.177% growth in billable resource numbers.

During the year the company 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 company continues to offer a flexible resourcing solution that enables clients to scale up, or down, their operational activities as demand necessitates.

With greater client engagement and longer more sustainable revenue streams it has given the company 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 company has been able to offer its clients more competitive prices and accelerate the growth of the company's core services.

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, our own sites (onshore and offshore), or working from home, as demanded by the size, nature, location, and duration of the client assignment.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Strategic Report (continued) For the Period Ended 30 September 2022

Principal risks and uncertainties

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

The principal risks to be managed by the business are:

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

The company manages this risk by:

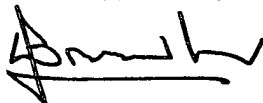
- Close monitoring of the sales pipeline
- Appropriate use of contracted labour to provide workforce flexibility
- Targeting longer term contracts wherever possible to provide maximum visibility of sales pipeline
- Ongoing development of new outsourcing and consulting services to meet evolving client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

ii) Following the acquisition of the CXP Group by the parent company, the integration of the HW Scotland infrastructure into the Huntswood Group Infrastructure is a key requirement

The company manages this risk by:

- Ensuring the company has an agreed group solution to Technology
- Ensuring the company has a migration plan for all of the acquired entities infrastructure so this can be migrated with no impact to the group, including appropriate testing in advance of any live moves
- A key risk being reported on at the Monthly Risk Committee so progress can be tracked and any issues reported on
- A communications plan with all projects so everyone understands what is happening and when, which importantly includes what is changing

This report was approved by the board on 28th September 23 and signed on its behalf.



Lord Brownlow
Director

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Directors' Report For the Period Ended 30 September 2022

The directors present their report and the financial statements for the 18 months period ended 30 September 2022. The comparative information is for the year ended 31 March 2021 and is therefore not comparable with the current year figures.

During the period the Company lengthened its accounting period to bring the Company in line with other group entities.

On 4 April 2022, the Company changed its name from Customer Experience People Limited to Huntswood Scotland Limited.

Directors

The directors who served during the period were:

M Bonfield (appointed 25 October 2021)
Lord Brownlow (appointed 25 October 2021)
M R Dodd (appointed 25 October 2021)
S B Hosseini Sohi (appointed 25 October 2021)
D Knight (appointed 25 October 2021)
B J Rawson (appointed 25 October 2021)
C A Grant (resigned 25 October 2021)
R W Hogg (resigned 25 October 2021)
K L Inch (resigned 25 October 2021)
D C McGowan (resigned 25 October 2021)
K L Murphy (resigned 25 October 2021)
R A E Stuart (resigned 25 October 2021)

Results and dividends

The profit for the period, after taxation, amounted to £2,439,530 (2021 - £3,625,638).

Dividends declared and paid during the year on Ordinary shares and 'A' Ordinary shares amounted to £1,889,561 (2021: £804,240) (see note 9).

Future prospects

The insurance 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 company'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 company has a 1,000-day plan which is intended to support the company and group strategy in the future and provide a framework for the continued growth of the business.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Directors' Report (continued) For the Period Ended 30 September 2022

Going concern

The company 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. During the period, the company experienced significant growth in its billable resource delivering client engagements with the majority of growth from its South Africa operations (c.177% growth over a 12-month period).

Throughout the year, the company continued to invest in its technology solution to support the working from home / hybrid working model in the UK. In addition to this, the company has also invested in additional technology in South Africa which ensures that the company 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 company's control. Due to load shedding in South Africa, the South African delivery centres 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 company is well placed to manage its business risks successfully.

The company funds its working capital requirements by means of an invoice discounting facility. The current invoice discounting facility in place is c.£4m of which the directors believe is sufficient to fund the company's current working capital requirement needs.

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. 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 risks

Credit risk

The company 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.

Liquidity risk

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

The company 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.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Directors' Report (continued) For the Period Ended 30 September 2022

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 updates 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 employees

The company is dedicated to creating and maintaining a culturally and socially diverse workplace that offers the best opportunities to the widest range of talented individuals. The company 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 company'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.

Directors' indemnity

The company has indemnified the directors of the company 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.

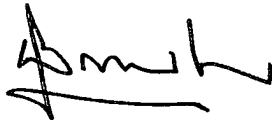
Matters covered in the Strategic Report

The company has elected to set out in the company's strategic report information required to be included in the directors' report. The strategic report includes a review of the development and performance of the business, including the future outlook with a description of the principal risks and uncertainties that the company faces.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Directors' Report (continued) For the Period Ended 30 September 2022

This report was approved by the board on 28th September 2023 and signed on its behalf.



Lord Brownlow
Director

Date: 28th September 2023

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Directors' Responsibilities Statement For the Period Ended 30 September 2022

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Chartered Accountants' Report to the Board of Directors on the Unaudited Financial Statements of Huntswood Scotland Limited (formerly Customer Experience People Limited) for the period ended 30 September 2022

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Huntswood Scotland Limited (Formerly Customer Experience People Limited) for the year ended 30 September 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation/a-z>

It is your duty to ensure that Huntswood Scotland Limited (Formerly Customer Experience People Limited) has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of Huntswood Scotland Limited (Formerly Customer Experience People Limited). You consider that Huntswood Scotland Limited (Formerly Customer Experience People Limited) is exempt from the statutory audit requirement for the period.

We have not been instructed to carry out an audit or a review of the financial statements of Huntswood Scotland Limited (Formerly Customer Experience People Limited). For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the board of directors of Huntswood Scotland Limited (Formerly Customer Experience People Limited), as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of Huntswood Scotland Limited (Formerly Customer Experience People Limited) and state those matters that we have agreed to state to the board of directors of Huntswood Scotland Limited (Formerly Customer Experience People Limited), as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Huntswood Scotland Limited (Formerly Customer Experience People Limited) and its board of directors as a body for our work or for this report.

BDO LLP

BDO LLP

R+

2 Blagrove Street

Reading

RG1 1AZ

United Kingdom

Date: 28 September 2023

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

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Statement of Comprehensive Income For the Period Ended 30 September 2022

		18 months period ended 30 September 2022 £	Year ended 31 March 2021 £
Turnover	4	44,995,926	16,408,590
Cost of sales		(37,062,670)	(11,284,139)
Gross profit		7,933,256	5,124,451
Administrative expenses		(5,348,396)	(2,225,893)
Other operating income		-	1,392,587
Operating profit	5	2,584,860	4,291,145
Interest payable and similar expenses		(18,366)	(38,096)
Profit before tax		2,566,494	4,253,049
Tax on profit	8	(126,964)	(627,411)
Profit for the financial period/year		2,439,530	3,625,638

The notes on pages 15 to 30 form part of these financial statements.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Registered number: SC528098

Balance Sheet As at 30 September 2022

	Note	30 September 2022 £	31 March 2021 £
Fixed assets			
Tangible assets	11	110,033	229,927
		<u>110,033</u>	<u>229,927</u>
Current assets			
Debtors: amounts falling due within one year	12	9,571,963	4,998,225
Cash at bank and in hand		44,814	1,628,311
		<u>9,616,777</u>	<u>6,626,536</u>
Creditors: amounts falling due within one year	13	(5,929,512)	(3,545,008)
Net current assets		<u>3,687,265</u>	<u>3,081,528</u>
Total assets less current liabilities		<u>3,797,298</u>	<u>3,311,455</u>
Creditors: amounts falling due after more than one year	14	-	(32,707)
Provisions for liabilities			
Deferred tax	16	(9,577)	(40,996)
Net assets		<u><u>3,787,721</u></u>	<u><u>3,237,752</u></u>
Capital and reserves			
Called up share capital	17	300	300
Profit and loss account	18	3,787,421	3,237,452
Total equity		<u><u>3,787,721</u></u>	<u><u>3,237,752</u></u>

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Registered number: SC528098

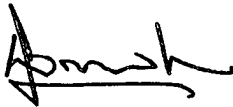
**Balance Sheet (continued)
As at 30 September 2022**

The directors consider that the Company is entitled to exemption relating to subsidiary companies from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

Members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Lord Brownlow
Director

Date: 28th September 2023

The notes on pages 15 to 30 form part of these financial statements.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Statement of Changes in Equity For the Period Ended 30 September 2022

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2021	300	3,237,452	3,237,752
Profit for the period	-	2,439,530	2,439,530
Dividends: Equity capital	-	(1,889,561)	(1,889,561)
At 30 September 2022	300	3,787,421	3,787,721

Statement of Changes in Equity For the Year Ended 31 March 2021

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2020	300	416,054	416,354
Profit for the year	-	3,625,638	3,625,638
Dividends: Equity capital	-	(804,240)	(804,240)
At 31 March 2021	300	3,237,452	3,237,752

The notes on pages 15 to 30 form part of these financial statements.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

1. General information

Huntswood Scotland Limited (Formerly Customer Experience People Limited) ("the Company") is a private company, limited by shares, incorporated in Scotland under the Companies Act 2006. The address of the registered office is Empire House 1/1131 West Nile Street, Glasgow, Scotland, G1 2RX.

The principal activity of the company is that of provision of call centre services.

2. Accounting policies

2.1 Basis of preparation of financial statements

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, under historic costs basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The financial statements are presented in pounds sterling and rounded to the nearest pound (£).

The following principal accounting policies have been applied:

FRS 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 for qualifying entities:

- Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d) not to prepare a cash flow statement; and
- Section 33 Related Party Disclosures paragraph 33.1A not to disclose related party transactions with other wholly owned members of Huntswood CTC Group.

The information is included in the consolidated financial statements of Huntswood CTC Limited, a company incorporated in England and Wales. The registered address of Huntswood CTC Limited is Abbey Gardens, Abbey Street, Reading, Berkshire, RG1 3BA.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

2. Accounting policies (continued)

2.2 Going concern

The company 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. During the period, the company experienced significant growth in its billable resource delivering client engagements with the majority of growth from its South Africa operations (c.177% growth over a 12-month period).

Throughout the year, the company continued to invest in its technology solution to support the working from home / hybrid working model in the UK. In addition to this, the company has also invested in additional technology in South Africa which ensures that the company 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 company's control. Due to load shedding in South Africa, the South African delivery centres 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 company is well placed to manage its business risks successfully.

The company funds its working capital requirements by means of an invoice discounting facility. The current invoice discounting facility in place is c.£4m of which the directors believe is sufficient to fund the company's current working capital requirement needs.

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. 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.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.4 Turnover

Turnover is recognised on the majority of our contracts based on a 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 the estimated stage of completion of the contract. 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.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

2. Accounting policies (continued)

2.5 Finance costs

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

2.6 Pensions

Defined contribution pension plan

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

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

2.7 Current and deferred taxation

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

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

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

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

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

2.8 Tangible fixed assets

Depreciation of fixed assets is calculated to write off the cost or valuation less any residual value over their estimated useful lives as follows:

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Fixtures and fittings	-	33% on cost
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.9 Debtors

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

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

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

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the period that the Company 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.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

2. Accounting policies (continued)

2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

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

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

2.14 Dividends

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

2.15 Operating leases: the Company as lessee

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

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

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

In preparing these financial statements, the directors have had to make the following judgements:

In the application of the company's accounting policies, the director is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year if the revision affects both current and future year.

There were no judgement or material estimation uncertainties affecting the reported financial performance in the current or prior year.

4. Turnover

	18 months period ended 30 September 2022 £	Year ended 31 March 2021 £
UK	34,999,200	16,408,590
Rest of the world (South Africa)	9,996,726	-
	<u>44,995,926</u>	<u>16,408,590</u>

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 sector.

The turnover derived from South Africa relates to contact center services to third parties predominantly in the insurance and utilities sectors.

5. Operating profit

The operating profit is stated after charging:

	18 months period ended 30 September 2022 £	Year ended 31 March 2021 £
Depreciation of tangible fixed assets	210,014	183,554
Operating lease expense	76,752	-
	<u>286,766</u>	<u>183,554</u>

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

6. Employees

Staff costs were as follows:

	18 months period ended 30 September 2022 £	Year ended 31 March 2021 £
Wages and salaries	34,445,616	10,077,668
Social security costs	2,154,993	722,625
Cost of defined contribution scheme	219,682	70,185
	<u>36,820,291</u>	<u>10,870,478</u>

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

	18 months period ended 30 September 2022 No.	Year ended 31 March 2021 No.
Project staff	849	481
Administration	115	53
Directors	2	4
	<u>966</u>	<u>538</u>

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

7. Directors' Remuneration

	18 months period ended 30 September 2022 £	Year ended 31 March 2021 £
Emoluments	203,003	49,723
Pension contributions	-	-
	<u>203,003</u>	<u>49,723</u>

The highest paid Director received remuneration of £69,575 (2021: £19,305).

There were no directors in the company's defined contribution pension scheme during the period or prior year.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

8. Taxation

	18 months period ended 30 September 2022 £	Year ended 31 March 2021 £
Corporation tax		
Current tax on profits for the year	158,384	627,411
Total current tax	<u>158,384</u>	<u>627,411</u>
Deferred tax		
Origination and reversal of timing differences	(36,385)	-
Changes to tax rates	11,031	-
Adjustments in respect of prior periods	(6,066)	-
Total deferred tax	<u>(31,420)</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>126,964</u>	<u>627,411</u>

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

8. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19.00%). The differences are explained below:

	18 months period ended 30 September 2022 £	Year ended 31 March 2021 £
Profit on ordinary activities before tax	2,566,494	4,253,049
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	487,634	808,079
Effects of:		
Fixed asset differences	(5,137)	-
Expenses not deductible for tax purposes	1,303	5,277
Income not taxable for tax purposes	(82,086)	-
Additional deduction for R&D expenditure	-	(168,431)
Group relief claimed	(270,982)	-
Adjustments to tax charge in respect of prior periods - deferred tax	(6,066)	-
Remeasurement of deferred tax for changes in tax rate	2,298	-
Movement in deferred tax not recognised	-	(17,514)
Total tax charge for the period/year	126,964	627,411

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and increased the corporation tax rate from 19% to 25% with effect from 1 April 2023.

9. Exceptional items

The former directors paid out one off exceptional items totalling £664,541 on completion of the acquisition by Huntswood CTC Limited.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

10. Dividends

	18 months period ended 30 September 2022 £	Year ended 31 March 2021 £
Dividends paid	1,889,561	804,240

11. Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 April 2021	773,888
Additions	90,120
At 30 September 2022	864,008
Depreciation	
At 1 April 2021	543,961
Charge for the period	210,014
At 30 September 2022	753,975
Net book value	
At 30 September 2022	110,033
At 31 March 2021	229,927

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

Tangible fixed assets (continued)

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

	30 September 2022 £	31 March 2021 £
Cost	358,728	384,725
Depreciation	(349,044)	(314,329)
Net Book Value	9,684	70,396

12. Debtors: amounts falling due within one year

	30 September 2022 £	31 March 2021 £
Trade debtors	4,527,877	2,586,132
Other debtors	201	49,438
Prepayments and accrued income	2,123,989	851,400
Amounts owed by group undertakings	2,919,896	1,511,255
	9,571,963	4,998,225

Amounts owed from group undertakings are unsecured, interest free and repayable upon demand.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

13. Creditors: amounts falling due within one year

	30 September 2022 £	31 March 2021 £
Trade creditors	218,565	977,915
Corporation tax	158,384	-
Other taxation and social security	1,336,905	872,527
Hire purchase	50,732	72,300
Other creditors	2,671,647	1,062,561
Accruals and deferred income	889,435	559,705
Amounts owed from Group undertakings	603,844	-
	5,929,512	3,545,008

Amounts owed to group undertakings are unsecured, interest free and repayable upon demand.

Included within other creditors is a balance of c.£2.2m (2021: £108k) related to the invoice discounting facility. The invoice discounting facility is secured by the floating charges over the company's assets.

14. Creditors: amounts falling due after more than one year

	30 September 2022 £	31 March 2021 £
Hire purchase	-	32,707
	-	32,707

15. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	30 September 2022 £	31 March 2021 £
Within one year	50,732	72,300
Between 1-5 years	-	32,707
	50,732	105,007

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

16. Deferred taxation

	2022 £
At beginning of year	(40,996)
Charged to profit or loss	31,419
At end of year	(9,577)

The provision for deferred taxation is made up as follows:

	30 September 2022 £	31 March 2021 £
Accelerated capital allowances	(26,758)	(40,996)
Tax losses carried forward	17,181	-
	(9,577)	(40,996)

17. Called up share capital

	30 September 2022 £	31 March 2021 £
Allotted, called up and fully paid		
50 (2021 - 50) Ordinary 'A' shares of £1.00 each	50	50
50 (2021 - 50) Ordinary 'B' shares of £1.00 each	50	50
50 (2021 - 50) Ordinary 'C' shares of £1.00 each	50	50
50 (2021 - 50) Ordinary 'D' shares of £1.00 each	50	50
50 (2021 - 50) Ordinary 'E' shares of £1.00 each	50	50
50 (2021 - 50) Ordinary 'F' shares of £1.00 each	50	50
	300	300

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

17. Called up share capital (continued)

Income rights

All of the ordinary shares of the company across all classes (A, B, C, D, E, and F) have the right to any profits resolved to be distributed in any financial year.

Capital rights

All of the ordinary shares of the company across all classes (A, B, C, D, E, and F) have the right to receive assets of the company available for distribution after payment of its liabilities.

Voting rights

All of the ordinary shares of the company across all classes (A, B, C, D, E, and F) have the right to attend and vote at any general meeting of the company.

18. Reserves

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

19. Commitments under operating lease

	30 September 2022 £	31 March 2021 £
Within 1 year	129,373	153,274
Between 1 and 5 years	-	192,084
	<u>129,373</u>	<u>345,358</u>

20. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £219,682 (2021 - £70,185). Contributions totalling £68,728 (2021 - £31,927) were payable to the fund at the balance sheet date and are included in creditors.

21. Commitments and liabilities

The bank loans of the ultimate parent company, Huntswood CTC Limited, have been secured on the assets of the group and parent company. As at the year end, the amount secured was £14 million.

Huntswood Scotland Limited (Formerly Customer Experience People Limited)

Notes to the Financial Statements For the Period Ended 30 September 2022

22. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A of the Financial Reporting standard 102 not to disclose transactions with other wholly owned members of the wider group.

The total dividend paid to directors pre-acquisition was £275,591.

During the period up until the acquisition of Huntswood Scotland Limited on 25 October 2021, the following related party transactions occurred:

The company paid £179k to Time2Adapt Limited, a company with a common director and shareholder.

The company received invoices totalling £135k from VKY Intelligent Automation Limited, a company with common directors.

23. Controlling party

The immediate parent company is CXP Group Limited. At the balance sheet date, the parent of the largest and smallest group for which consolidated accounts are prepared is Huntswood CTC Limited who are considered to be the ultimate controlling party. Huntswood CTC Limited's annual financial statements are available from their registered address of Abbey Gardens, Abbey Street, Reading, Berkshire, RG1 3BA.