

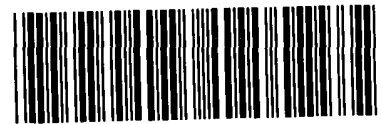
Registered number: 06742453

Ascent Performance Group Limited

Annual report and financial statements

for the year ended 30 April 2021

SATURDAY



AAJMQS40

A21

18/12/2021

#286

COMPANIES HOUSE

Ascent Performance Group Limited

Contents

	Page
Strategic report	1
Directors' report	3
Directors' responsibilities statement	5
Independent auditor's report	6
Profit and loss account	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

Ascent Performance Group Limited

Strategic report

The directors present their annual report and the audited financial statements for the year ended 30 April 2021. In preparing this report, the directors have complied with S414c of the Companies Act 2006.

Principal activities

The company's principal activity is the financial rehabilitation of customers, debt collection, debt recovery and claims support services.

Review of the business

The results for the year and financial position of the company are as shown on page 10 to 23 in the financial statements.

Company revenues for the year ended 30 April 2021 increased by 13% to £12.1m (2020: £10.7m). As a specialist law firm and financial services business providing arrears management, the market conditions remained difficult in the year with the effect of the Covid-19 pandemic in particular leading to a suspension across the market of many of the company's normal activities for a material proportion of the year. However, the company successfully engaged with its client base and agreed to redeploy the majority of its personnel onto new outsourcing contracts. The contract had a favourable impact on gross profit as the main costs being staff are below the gross profit line. The movement in gross profit is mainly led by the suspension of field business in the year due to the pandemic meaning costs such as motor travel and contractors costs were not incurred and instead replaced by staff costs for the outsourcing project. As the year drew towards a close, the company's previous services began to return, while the company continued to deliver its new service lines. The company also successfully completed the acquisition in the year of Excel Collection and Enquiry Services Limited, which has augmented its already strong client base. The business expects to grow further, through an increase in market share and further delivery of its new service lines. Further detail on this acquisition can be found in Note 12.

To mitigate the impact of the Covid-19 pandemic the Company took advantage of the Coronavirus Job Retention Scheme (CJRS) during the year and placed a number of staff on furlough. The grant has been recognised within profit and loss account under other income, further detail on this can be found in Note 4 of the financial statements.

Profit after tax was £852,675 (2020: £577,723), increasing the Shareholders' funds to £5,715,158 for the year ended 30 April 2021 (year ended 30 April 2020: £4,862,483). The increase in profit for the financial year has been driven by the business seeking alternative methods of revenue generation, mainly through outsourcing.

A continuous compliance and improvement cycle are operated, constantly reviewing the business to ensure it operates ethically and delivers a quality service to our customers and clients while always focusing on compliance standards throughout our account lifecycle and customer's journey. Treating customers fairly is a focus for the industry and the company puts the customer firmly at the centre of the business and the heart of every transaction. The company continues to invest significant amounts of time, money and effort into driving forwards a strong compliance agenda.

The average number of employees increased to 154 for the year ended 30 April 2021 (year ended 30 April 2020: 149). The Company expects this number to grow again in future years. The increase in number of employees for the financial year has been driven by higher margins gained through outsourcing.

Key performance indicators

Detailed objectives and financial budgets are set each year, and actual results are closely monitored against these on a monthly basis. Key performance indicators used include revenue (as stated above), gross profit (as stated) and turnover per employee that increased 9.5% to £78,741 (2020: £71,897) due to the increase in employees in the financial year. The objective is for this to improve based on expected revenue growth and efficiency improvement projects.

As an FCA regulated business the company is required to maintain at all times, appropriate liquidity resources, including capital resources, defined as net assets less total intangibles assets. The company capital resources increased by £855,951 to £5,183,870 (year ended 30 April 2020: £4,327,919). The thresholds vary depending on the total value of our regulated income, and liquidity levels determined as reasonable following financial performance scenario stress testing.

They have been complied with during year and are expected to be complied with in the foreseeable future.

Ascent Performance Group Limited

Strategic report (continued)

Principal risks and uncertainties

Risks are considered and reviewed by the risk committee and the board on an on-going basis. The principal risks and uncertainties are set out below.

The skills and processes employed by the business are key to its performance and its ability to retain existing business and attract new business. Whilst many of the processes are system driven, loss of key individuals could impact the company's results. Replacement of key individuals with the required set of skills could be a time-consuming and expensive process. Succession plans are in place for key individuals.

The quality of staff is crucial to the company's activities. The risk committee and board regularly monitor this to ensure clients receive a quality, competitive service. Staff training is undertaken both internally and externally, and the company encourages its employees to undertake Continuing Professional Development.

Financial market conditions and movements are outside the control of the business. The company regularly assesses its abilities to react to movements in these to ensure client requirements can be met in the appropriate manner. In particular the potential implications due to Brexit have been reviewed and minimal impact is expected.

Adherence to the prevailing requirements and client requirements is essential to ensure a compliant business. The company has a dedicated risk and compliance function to deal with day-to-day matters.

Clients also perform periodic compliance audits and reviews. The company addresses all recommendations arising from such audits and reviews. The board has also established a risk committee to oversee the company's risk management activities.

The company is dependent on its IT and telephony systems to deliver service to its clients; the company assesses the appropriateness of these systems on a regular basis to ensure they are fit for purpose. All electronic data is backed up regularly and stored off site and duplicate core servers are operated from an alternative location, which can be accessed over a secure internet connection. The company has a documented disaster recovery plan.

Failure to address any of the above risks could lead to loss of reputation and potentially loss of clients thus reducing revenues or increasing costs in rectifying issues. The board considers that the company employs sufficient controls and procedures to mitigate such risks. Additionally, as part of its Financial Conduct Authority obligations, the company has to report on its internal capital adequacy quarterly.

This process assesses the risk the company is exposed to, determines the level of capital that should be held to satisfy regulatory requirements, and how the company stress tests its ability to withstand the impact of extreme events.

The impact of Covid 19 on the business has been significant following the suspension of core work driven by Government, regulators and clients since March 2020, though this has now been relaxed and the company is once more undertaking its core services. This work was replaced with new contracts supporting the existing client base. Longer term the core business is likely to recover fully and the directors consider it unlikely the business will suffer during the probable recession. In scenario planning the business remains a going concern with existing cash reserves alongside revenue from new and unaffected activity.

Strategy and likely future developments

The directors intend that the future business continues to grow the revenue and profits through a combination of the growth of business with existing clients, take-on of new clients, the development of new product lines and the acquisition of suitable compatible businesses.

There have been no material post balance sheet events to report.

Approved by the Board on 23 August 2021 and signed on its behalf by:



.....
M Higgins

Chairman

Ascent Performance Group Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 30 April 2021.

In accordance with s414(C) (11) of the Companies Act, included in the Strategic Report is information relating to business review and future developments which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulation 2008' to be contained in a Director's Report.

Directors of the company

The directors who held office during the year and until the date of this report, unless otherwise stated, were as follows:

M Higgins

NP Gilhooley

GD Walker

MJ Eglenton

The Company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

Results

The results for the year are shown on the profit and loss account on page 10. The profit after taxation was £852,675 (2020: £577,723). No dividends were declared or proposed in the current or previous year. Net assets as at the year-end were £5,715,158 (2020: £4,862,483). The results for the year are discussed in detail within the strategic report on page 1.

Future developments are discussed in the strategic report on page 1.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

The Company is a member of the Irwin Mitchell Holdings Limited group of companies ("the Group") whose ultimate parent entity is Irwin Mitchell Holdings Limited ("IMH"). The Company benefits from Group support when needed. The going concern assessment has been completed at a Group level, in which the Company is consolidated. The directors of Ascent Performance Group Limited are satisfied that the Company is able to continue as a going concern. In arriving at this assessment for the Group, a comprehensive review of the Group's financial position and prospects was undertaken. A Board committee at Group level oversees the Covid-19 response mitigating action taken across the Group and has reviewed developments on a regular basis throughout the year. Successful mitigating actions have been implemented throughout the year and trading and cash generation have been significantly better than downside scenarios and profit before tax has improved compared to the prior year.

In addition, the directors have received confirmation that the parent, IMH, will provide support to the Company for at least the next 12 months from the date of signing these financial statements, should it be required. Accordingly, the financial statements have been prepared on the going concern basis.

Further details regarding the adoption of the going concern basis can be found in note 1b to the financial statements.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company does not use derivative financial instruments for risk management or speculative purposes.

Ascent Performance Group Limited does not have any branches outside the UK.

Credit risk

The Company's principal financial assets are bank balances, cash and loans, trade and other receivables, and investments.

Ascent Performance Group Limited

Directors' report (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is minimised because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Cash flow and interest rate risk

The Company's activities expose it to the financial risks of changes in interest rates. The Company does not use interest rate swap contracts to hedge these exposures. A liquidity review is completed at least annually, including a review of any financing arrangements to reduce this risk where possible. The Company does not consider that it is exposed to significant exchange rate risk. Working capital is managed at a Group level with funding provided via intercompany balances as necessary.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, all cash is held at call and loans made are repayable upon demand.

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP will not be reappointed for further term when their current term of office comes to an end. The directors intend to appoint Ernst & Young as auditor for year ended 30 April 2022.

Approved by the Board on 23 August 2021 and signed on its behalf by:



.....
M Higgins

Chairman

Ascent Performance Group Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's 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.

Ascent Performance Group Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASCENT PERFORMANCE GROUP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Ascent Performance Group Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

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 are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 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.

Ascent Performance Group Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASCENT PERFORMANCE GROUP LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

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

We have nothing to report in respect of these matters.

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered 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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Ascent Performance Group Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASCENT PERFORMACNE GROUP LIMITED (CONTINUED)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Financial Reporting Standards, UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud was in relation to revenue recognition and specifically the valuation of unbilled revenue that is valued based on stage of completion and type of case. Our audit procedures included the following (but not limited to):

- documenting and reviewing policies adopted by management for consistent application;
- performing detailed substantive testing of valuations by reference to post year end billings; and
- Where amounts have not been billed, we have obtained service agreement and have confirmed that applicable milestones have been met in order for revenue recognition criteria to be met.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic 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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Ascent Performance Group Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASCENT PERFORMANCE GROUP LIMITED (CONTINUED)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in respect of these matters.

Use of our report

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



.....
Saul Wadsworth BA (Hons) FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester, United Kingdom

Date: 23 August 2021

Ascent Performance Group Limited

Profit and loss account

For the year ended 30 April 2021

	Note	2021 £	2020 £
Turnover	3	12,126,167	10,712,677
Cost of sales		<u>(36,658)</u>	<u>(706,566)</u>
Gross profit		12,089,509	10,006,111
Staff costs	6	(6,471,313)	(5,680,570)
Administrative expenses		(4,651,642)	(3,637,282)
Other income		<u>100,526</u>	<u>-</u>
Operating profit	4	1,067,080	688,259
Interest receivable and similar income	8	395	38,655
Interest payable and similar charges	9	<u>(265)</u>	<u>-</u>
Profit before taxation		1,067,210	726,914
Tax on profit	10	<u>(214,535)</u>	<u>(149,191)</u>
Profit for the financial year attributable to equity the shareholders of the Company		<u><u>852,675</u></u>	<u><u>577,723</u></u>

Turnover and operating profit derive wholly from continuing operations.

The Company has no recognised gains or losses for the current or preceding financial year other than the results shown above. Accordingly, a separate statement of comprehensive income is not presented.

Ascent Performance Group Limited

Balance sheet

As at 30 April 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets			
– goodwill	11	452,340	502,146
– other intangible assets	11	35,458	32,418
Investments	12	43,490	-
		<u>531,288</u>	<u>534,564</u>
Current assets			
Debtors	13	3,504,035	4,105,738
Cash at bank and in hand		3,984,547	1,659,029
		<u>7,488,582</u>	<u>5,764,767</u>
Creditors: amounts falling due within one year	14	<u>(2,304,712)</u>	<u>(1,436,848)</u>
Net current assets		<u>5,183,870</u>	<u>4,327,919</u>
Total assets less current liabilities		<u>5,715,158</u>	<u>4,862,483</u>
Provisions for liabilities		-	-
Net assets		<u><u>5,715,158</u></u>	<u><u>4,862,483</u></u>
Capital and reserves			
Called-up share capital	15	100	100
Profit and loss account		5,715,058	4,862,383
Shareholders' funds		<u><u>5,715,158</u></u>	<u><u>4,862,483</u></u>

The notes on pages 13 to 23 are an integral part of these financial statements

The financial statements of Ascent Performance Group Limited (registered number 06742453) were approved by the board of directors and authorised for issue on 23 August 2021. They were signed on its behalf by:



.....
M Higgins
Chairman

Ascent Performance Group Limited

Statement of changes in equity

For the year ended 30 April 2021

	Called-up share capital £	Profit and loss account £	Total £
At 1 May 2019	100	4,284,660	4,284,760
Profit for the financial year being total comprehensive income	-	577,723	577,723
At 30 April 2020	100	4,862,383	4,862,483
Profit for the financial year being total comprehensive income	-	852,675	852,675
At 30 April 2021	100	5,715,058	5,715,158

The notes on pages 13 to 23 form part of the financial statements.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2021

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

a. General information and basis of accounting

Ascent Performance Group Limited is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is incorporated and registered in England and Wales. The address of the registered office is Riverside East, 2 Millsands, Sheffield, S3 8DT. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Ascent Performance Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Ascent Performance Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. . Subsidiary undertakings have not been consolidated by Ascent Performance Group Limited as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Irwin Mitchell Holdings Limited, whose financial statements may be obtained from the Registrar of Companies Registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, and related party transactions presentation of a cash flow statement and remuneration of key management personnel.

b. Going concern

The Company is a member of the Irwin Mitchell Holdings Limited group of companies ("the Group") whose ultimate parent entity is Irwin Mitchell Holdings Limited ("IMH"). The Company benefits from Group support when needed. The going concern assessment has been completed at a Group level, in which the Company is consolidated. The directors of Ascent Performance Group Limited are satisfied that the Company is able to continue as a going concern. In addition, the directors have received confirmation that the parent, IMH, will provide support to the Company for at least the next 12 months from the date of signing these financial statements, should it be required.

The Group meets its day to day working capital requirements through a combined £60m revolving credit facility (RCF) and a £15m overdraft facility. During the year the Group successfully extended the RCF to October 2023. The quantum and terms of the facility will remain the same. The availability of the borrowing facilities is dependent upon continued compliance with the associated banking covenants and compliance was maintained throughout the year.

The Directors continue to review financial projections each month extending out to April 2023 to cover the current financial year and all of the next financial year. The projections are developed, reviewed and updated regularly by senior management involved in both forecasting and also in reviewing actual spend and trading pipelines.

Based upon their assessment of the forecasts described above the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

c. Intangible assets – goodwill

Goodwill arising on the acquisition of a new business, representing the excess of the cost of a business combination over the fair value of the assets and liabilities acquired at the date of acquisition is capitalised. Goodwill is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on goodwill so as to write off the cost over the expected useful economic life of 10 years, and is presented within Administrative expenses in the Profit and Loss Statement.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2021

1. Accounting policies (continued)

d. Intangible assets – software

Intangible fixed assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is provided on all intangible fixed assets on a straight line basis over the shorter of the expected useful life or the length of the associated licence.

Amortisation is provided on the software so as to write off the cost over the expected useful economic life of 3 to 4 years, and is presented within Administrative expenses in the Profit and Loss Statement.

e. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

f. Investments

Investments in subsidiaries are stated at cost less impairment.

g. Accrued income

Accrued income has been measured at the fair value of the consideration receivable from the transaction by reference to the stage of completion of the transaction at the end of the reporting period. Contingent revenue is only recognised when the contingency is resolved.

h. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2021

1. Accounting policies (continued)

h. Impairment of assets (continued)

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

i. Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2021

1. Accounting policies (continued)

j. Turnover

Turnover is stated net of VAT and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

k. Interest receivable

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

l. Employee benefits

Ascent Performance Group Limited operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they became payable in accordance with the rules of the scheme.

m. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

n. Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

o. Government assistance

In response to the Covid-19 pandemic the company took advantage of the Coronavirus Job Retention Scheme which resulted in the company receiving a government grant to cover the salary costs of a number of employees. The receipt of £100,526 was recognised in the profit and loss account under other income with the balance due from the government recognised as an asset and offset against the other taxation and social security amounts due.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2021

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Company's accounting policies

Impairment of goodwill and other receivables

Determining whether goodwill and other assets are impaired is based on objective evidence that, as a result of one or more events that occurred after initial recognition. A review of potential triggers of impairment could create the need to produce a discounted cash flow and so is considered an area of critical accounting judgement.

Key source of estimation uncertainty

Disbursement provisioning

Where possible, provisions for irrecoverable disbursements are identified on a case by case basis. However, certain areas require a provision to be calculated on a percentage basis. This is considered to be a key source of estimation uncertainty due to the materiality of the figures involved. For the current year a provision of £34,824 (2020: £14,120) has been estimated.

3. Turnover

During both the current and prior years, only one class of business was conducted. Of the bills raised in the year 1.5% and 0% (2020: 2.6% and 1.6%) were to European and USA customers respectively, with the remaining 98.5% (2020: 95.8%) being to customers within the United Kingdom. An analysis of the Company's turnover is as follows:

	2021 £	2020 £
Rendering of services	12,126,167	10,712,677

4. Profit before tax

This is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of owned assets	-	3,487
Impairment of investment	8,867	-
Amortisation of goodwill	116,586	116,587
Amortisation of software	24,850	19,664
Government grants - furlough	(100,526)	-

5. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual financial statements were £18,535 (2020: £16,850).

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis. No services were provided pursuant to contingent fee arrangements.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2021

6. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2021 Number	2020 Number
Administration and support	22	18
Sales	132	131
	<u>154</u>	<u>149</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	5,492,340	4,846,281
Social security costs	630,173	506,259
Pension costs	348,800	328,030
	<u>6,471,313</u>	<u>5,680,570</u>

7. Directors' remuneration and transactions

	2021 £	2020 £
<i>Directors' remuneration</i>		
Emoluments	482,478	716,249
Company contributions to money purchase pension schemes	12,246	16,803
	<u>494,825</u>	<u>733,052</u>

	2021 Number	2020 Number
The number of directors who:		
Are members of a money purchase pension scheme	<u>2</u>	<u>3</u>

	2021 £	2020 £
Remuneration of the highest paid director:		
Emoluments	333,272	457,026
Company contributions to money purchase pension schemes	7,957	8,136
	<u>341,229</u>	<u>465,162</u>

The above figures relate to 4 of the listed directors. The remaining directors are remunerated by other group entities and are therefore allocated nil for their services to this company.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2021

8. Interest receivable and similar income

	2021 £	2020 £
Bank interest receivable	<u>395</u>	<u>38,655</u>

9. Interest payable and similar charges

	2021 £	2020 £
Bank interest payable	<u>(265)</u>	<u>-</u>

10. Tax on profit

The tax charge comprises:

	2021 £	2020 £
Current tax on profit		
UK corporation tax	<u>214,535</u>	<u>149,191</u>
Total current tax	<u>214,535</u>	<u>149,191</u>
Total tax on profit	<u>214,535</u>	<u>149,191</u>

In the 2021 UK Budget on 3 March 2021, the UK Government announced that the headline rate of UK corporation tax will increase to 25% from 1 April 2023. This change is expected to form part of the Finance Bill 2021. Following the substantive enactment of the Finance Bill, the new rate should be used to measure deferred taxes to the extent that temporary differences will reverse after 1 April 2023.

A UK corporation tax rate of 19% has been used to calculate deferred tax balances for the year ended 30 April 2021 as this is the rate enacted at the balance sheet date.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2021

10. Tax on profit (continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2021 £	2020 £
Profit before tax	<u>1,067,210</u>	<u>726,914</u>
Tax on profit at standard UK corporation tax rate of 19% (2020: 19%)	204,455	138,114
Effects of:		
- Origination and reversal of timing differences	3,489	2,896
- Expenses not deductible for tax purposes	<u>6,591</u>	<u>8,181</u>
Total tax charge for year	<u>214,535</u>	<u>149,191</u>

11. Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 May 2020	1,165,861	77,508	1,243,369
Additions	66,780	27,890	94,670
Disposals	-	(6,000)	(6,000)
	<u>1,232,641</u>	<u>99,398</u>	<u>1,332,039</u>
At 30 April 2021			
	<u>1,232,641</u>	<u>99,398</u>	<u>1,332,039</u>
Amortisation			
At 1 May 2020	663,715	45,090	708,805
Charge for the year	116,586	24,850	141,436
Eliminated on disposal	-	(6,000)	(6,000)
	<u>780,301</u>	<u>63,940</u>	<u>844,241</u>
At 30 April 2021			
	<u>780,301</u>	<u>63,940</u>	<u>844,241</u>
Net book value			
At 30 April 2021	<u>452,340</u>	<u>35,458</u>	<u>487,798</u>
At 30 April 2020	<u>502,146</u>	<u>32,418</u>	<u>534,564</u>

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2021

12. Fixed asset investments

Principal Group Investments

The Company has investments in the following subsidiary undertakings. 100% of the ordinary share capital of Excel Collection and Enquiry Services Limited was acquired on 7 January 2021 for consideration of £87,600. Included within the below investment amount are fees directly attributable to the acquisition. Excel Collection and Enquiry Services Limited is a company incorporated in the UK and its principal activity is the provision of debt counselling services. Its registered address is 2 Millsands, Sheffield, England, S3 8DT.

Due to a series of management decisions made following the acquisition, the value derived from the acquisition now resides in the Company, represented by the reclassification of part of the investment value to goodwill.

Subsidiary undertakings

	£
Cost	
At 1 May 2020	-
Excel Collection and Enquiry Services Limited	119,137
	<hr/>
At 30 April 2021	119,137
	<hr/>
Reclassification to goodwill	(66,780)
Impairment	(8,867)
	<hr/>
Carrying value	<u>43,490</u>

Subsidiary undertakings have not been consolidated by Ascent Performance Group Limited as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Irwin Mitchell Holdings Limited.

13. Debtors

	Note	2021 £	2020 £
Trade debtors		1,829,974	2,726,982
Amounts owed by group companies		13,671	6,065
Other debtors		3,053	-
Prepayments and accrued income		1,657,337	1,250,718
Amount owed by an associate	17	-	121,973
		<hr/>	<hr/>
		<u>3,504,035</u>	<u>4,105,738</u>

All amounts are repayable on demand, no interest is payable on amounts owed by group companies.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2021

14. Creditors: amounts falling due within one year

	Note	2021 £	2020 £
Trade creditors		193,270	74,656
Amounts owed to group companies		991,839	589,673
Other taxation and social security		332,429	281,053
Accruals and deferred income		691,092	432,068
Corporation tax		95,342	59,398
Amount owed by an associate	17	740	-
		<u>2,304,712</u>	<u>1,436,848</u>

All amounts are unsecured and repayable on demand, no interest is payable on amounts owed to group companies.

15. Called-up share capital and reserves

	2021 £	2020 £
Authorised, allotted, called-up and fully-paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The profit and loss account represents cumulative profit and losses net of any dividends paid and other adjustments.

16. Employee benefits

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The total expense charged to profit and loss in the year ended 30 April 2021 was £348,800 (2020: £328,030).

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2021

17. Related party transactions

Other related party transactions

Amounts owed by related parties at the reporting date were £13,671 (2020: £6,065) and amounts owed to related parties were £991,839 (2020: £589,673). These amounts all relate to trading balances. In addition, amounts owed to related party in relation to short term loans amounted to £nil (2020: £nil).

There are no guarantees given or received for the current bank arrangements. Therefore all balances are unsecured and required to be settled in cash.

The transactions with related parties not wholly owned by the Irwin Mitchell Group were as follows:

	£
Amount owed by IMe Law Limited to the Company at 1 May 2020	6,065
Expenses paid by IMe Law Limited on behalf of the Company	308
Invoices raised by IMe Law Limited to the Company	102,755
Income received by IMe Law Limited on behalf of the Company	(4,465)
Payments made to IMe Law Limited by the Company	(95,043)
	<hr/>
Amount owed by IMe Law Limited to the Company at 30 April 2021	9,620
	<hr/> <hr/>

	£
Amount owed by Excel Collection and Enquiry Services Limited to the Company at 1 May 2020	-
Expenses paid by Excel Collection and Enquiry Services Limited on behalf of the Company	4,013
Invoices raised by Excel Collection and Enquiry Services Limited to the Company	38
	<hr/>
Amount owed by Excel Collection and Enquiry Services Limited to the Company at 30 April 2021	4,051
	<hr/> <hr/>

The transactions with related parties who share key management personnel with the Company are as follows:

	£
Amount owed by Irwin Mitchell Scotland LLP to the Company at 1 May 2020	121,973
Expenses paid by Irwin Mitchell Scotland LLP on behalf of the Company	(24,704)
Income received by Irwin Mitchell Scotland LLP on behalf of the Company	(194,993)
Invoices raised by Irwin Mitchell Scotland LLP to the Company	262,569
Payments made to Irwin Mitchell Scotland LLP by the Company	(165,585)
	<hr/>
Amount owed by the Company to Irwin Mitchell Scotland LLP at 30 April 2021	(740)
	<hr/> <hr/>

18. Controlling party

The company is controlled by Irwin Mitchell Holdings Limited, a company registered in Jersey. The ultimate parent company is Irwin Mitchell Holdings Limited.

The only group in which the results of the company are consolidated is that headed by Irwin Mitchell Holdings Limited whose registered office is 13-14 Esplanade, St. Helier, Jersey, JE1 1BD.