

**Strategic Report, Report of the Directors and**  
**Financial Statements for the Year Ended 31 May 2021**  
**for**  
**Regulatory Finance Solutions Limited**

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**for the Year Ended 31 May 2021**

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**Regulatory Finance Solutions Limited**

**Company Information**  
**for the Year Ended 31 May 2021**

**DIRECTORS:**

J Turner  
M A Couzens

**SECRETARY:**

Ms C A Forbes

**REGISTERED OFFICE:**

Unit 12 Global Business Park  
Wilkinson Road  
Cirencester  
Wiltshire  
GL7 1YZ

**REGISTERED NUMBER:**

05488515 (England and Wales)

**Strategic Report**  
**for the Year Ended 31 May 2021**

The directors present their strategic report for the year ended 31 May 2021.

Regulatory Finance Solutions Limited (RFS, or the Company) provides consultancy services and skilled people to financial services firms that are predominantly based in the UK.

**REVIEW OF BUSINESS**

The Company has continued to grow its client base now that historical projects, such as PPI complaint resolution for which it was only possible to service a small number of customers, have concluded. The Company has also re-organised its operations to deliver sustained efficiency improvements.

**PRINCIPAL RISKS AND UNCERTAINTIES**

RFS delivers remediation services through building resource capacity and consultancy services to a range of clients.

These contracts typically operate on a short-term rolling renewal basis and are therefore not guaranteed. RFS continues to focus its business development activities on building new clients and new projects to help mitigate this risk.

The ability to identify and recruit contractors with appropriate skills, particularly as key projects of customer remediation are completed, and as regulatory focus moves to new programs of more complexity. The Company continues to monitor the themes emerging from the FCA that will lead to new business opportunities.

Historically RFS has provided remediation services to banks to assist the management of PPI related customer claims. These projects largely concluded in early 2021. RFS will continue to offer services to assist in other areas of regulatory remediation to offset this change. It is expected that the regulator will focus on asking regulated firms to address other miss selling issues as capacity is released from PPI remediation and as pressures from the Covid lockdown reduce.

The firms to which RFS provides services are subject to rigorous and increasing quality and regulatory oversight. This continues to create new business opportunities

RFS has invested in a number of early-stage technology businesses as described above. The development of those businesses continues but, not unusually for such businesses, the long term value of these investments is unpredictable. Consequently, there is a risk associated with the carrying value of those investments. Having considered the facts the directors consider that the total valuation of investments, at cost, of £3,116,606 is still appropriate.

**FUTURE DEVELOPMENTS**

The Company is considering opportunities for strategic partnerships which will improve its access to potential larger customers. The Company will continue to pursue new service offerings across a broader client base and in doing so demonstrate an ability to deliver enhanced value to customers..

As at 31 May 2021, RFS had minority equity investments in ByzGen Limited, a secure data management technology provider, and CybSafe Limited, a provider of cyber security and data analytics software.

The Company will also continue to invest in business development people, in pursuit of developing sustainable revenue generating relationships with new clients across a broad range of sectors whilst leveraging its legacy strength and reputation in the financial services sector.

**COVID-19**

RFS has been successful in managing its operations to achieve its profit targets during the lockdown. All staff successfully switched to homeworking at the beginning of the lockdown and this and the increased use of technology for communications with customers, significantly reduced overhead expenditure during this period.

RFS's management believes that customers have elected to defer rather than cancel expenditure and that in the medium term this will not affect the Company's ability to continue as a going concern.

**FINANCIAL KEY PERFORMANCE INDICATORS**

Turnover of continued operations for the year was £11,382,349 (2020: £28,163,375), and operating profit was £1,719,885 (2020: £2,620,296).

Operating margins improved to 15.1% (2020: 9.3%).

**ON BEHALF OF THE BOARD:**

J Turner - Director

25 February 2022

**Report of the Directors  
for the Year Ended 31 May 2021**

The directors present their report with the financial statements of the company for the year ended 31 May 2021.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 May 2021.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 June 2020 to the date of this report.

J Turner  
M A Couzens

**DISCLOSURE IN THE STRATEGIC REPORT**

The directors have chosen to report on the principal risks and uncertainties affecting the company and their review of the business in the Strategic Report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- 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.

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

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

**AUDITORS**

The auditors, MHA Monahans, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

J Turner - Director

25 February 2022

**Report of the Independent Auditors to the Members of**  
**Regulatory Finance Solutions Limited**

**Opinion**

We have audited the financial statements of Regulatory Finance Solutions Limited (the 'company') for the year ended 31 May 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 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.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

**Report of the Independent Auditors to the Members of**  
**Regulatory Finance Solutions Limited**

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

**Auditors' 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 a Report of the Auditors 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.

**Capability of the audit in detecting irregularities, including fraud**

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety, employment law and company legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements of the Company. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the audit engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding of management's internal controls designed to prevent and detect irregularities, and fraud;
- Reviewing the Company's legal costs to check for non-compliance with laws and regulations and fraud;
- Review of tax compliance with the involvement of our tax specialists in the audit;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of expenses;
- Testing transactions entered into outside of the normal course of the Company's business; and
- Identifying and testing journal entries, in particular any journal entries with fraud characteristics such as journals with round numbers.

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

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

**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 a Report of the Auditors 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.

David Iain Black (Senior Statutory Auditor)  
for and on behalf of MHA Monahans  
Statutory Auditors  
38-42 Newport Street  
Swindon  
Wiltshire  
SN1 3DR

28 February 2022

**Statement of Comprehensive  
Income  
for the Year Ended 31 May 2021**

|                                                | Notes | 2021<br>£  | 2020<br>£  |
|------------------------------------------------|-------|------------|------------|
| <b>TURNOVER</b>                                | 4     | 11,382,349 | 28,163,375 |
| Cost of sales                                  |       | 8,208,855  | 21,224,360 |
| <b>GROSS PROFIT</b>                            |       | 3,173,494  | 6,939,015  |
| Administrative expenses                        |       | 1,626,116  | 4,355,976  |
|                                                |       | 1,547,378  | 2,583,039  |
| Other operating income                         |       | 172,507    | 37,257     |
| <b>OPERATING PROFIT</b>                        | 6     | 1,719,885  | 2,620,296  |
| Interest receivable and similar income         |       | 2,579      | -          |
|                                                |       | 1,722,464  | 2,620,296  |
| Interest payable and similar expenses          | 7     | -          | 10,117     |
| <b>PROFIT BEFORE TAXATION</b>                  |       | 1,722,464  | 2,610,179  |
| Tax on profit                                  | 8     | 145,905    | 443,338    |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>           |       | 1,576,559  | 2,166,841  |
| <b>OTHER COMPREHENSIVE INCOME</b>              |       | -          | -          |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> |       | 1,576,559  | 2,166,841  |

The notes form part of these financial statements

**Balance Sheet**  
**31 May 2021**

|                                              | Notes | 2021<br>£        | £                | 2020<br>£        | £                |
|----------------------------------------------|-------|------------------|------------------|------------------|------------------|
| <b>FIXED ASSETS</b>                          |       |                  |                  |                  |                  |
| Tangible assets                              | 9     |                  | 54,340           |                  | 131,415          |
| Investments                                  | 10    |                  | <u>3,116,606</u> |                  | <u>3,116,606</u> |
|                                              |       |                  | 3,170,946        |                  | 3,248,021        |
| <b>CURRENT ASSETS</b>                        |       |                  |                  |                  |                  |
| Debtors                                      | 11    | 2,599,852        |                  | 1,124,848        |                  |
| Cash at bank                                 |       | <u>3,779,824</u> |                  | <u>6,761,951</u> |                  |
|                                              |       | 6,379,676        |                  | 7,886,799        |                  |
| <b>CREDITORS</b>                             |       |                  |                  |                  |                  |
| Amounts falling due within one year          | 12    | <u>898,101</u>   |                  | <u>4,058,858</u> |                  |
| <b>NET CURRENT ASSETS</b>                    |       |                  | <u>5,481,575</u> |                  | <u>3,827,941</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |                  | <u>8,652,521</u> |                  | <u>7,075,962</u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                  |                  |                  |                  |
| Called up share capital                      | 14    |                  | 1,000            |                  | 1,000            |
| Retained earnings                            |       |                  | <u>8,651,521</u> |                  | <u>7,074,962</u> |
| <b>SHAREHOLDERS' FUNDS</b>                   |       |                  | <u>8,652,521</u> |                  | <u>7,075,962</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 25 February 2022 and were signed on its behalf by:

J Turner - Director

**Statement of Changes in Equity**  
**for the Year Ended 31 May 2021**

|                               | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Total<br>equity<br>£ |
|-------------------------------|------------------------------------|---------------------------|----------------------|
| <b>Balance at 1 June 2019</b> | 1,000                              | 4,908,121                 | 4,909,121            |
| <b>Changes in equity</b>      |                                    |                           |                      |
| Total comprehensive income    | -                                  | 2,166,841                 | 2,166,841            |
| <b>Balance at 31 May 2020</b> | 1,000                              | 7,074,962                 | 7,075,962            |
| <b>Changes in equity</b>      |                                    |                           |                      |
| Total comprehensive income    | -                                  | 1,576,559                 | 1,576,559            |
| <b>Balance at 31 May 2021</b> | 1,000                              | 8,651,521                 | 8,652,521            |

**Notes to the Financial Statements**  
**for the Year Ended 31 May 2021**

**1. STATUTORY INFORMATION**

Regulatory Finance Solutions Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Functional and presentation currency**

The company's functional and presentation currency is Sterling (£).

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of paragraph 33.7.

**Preparation of consolidated financial statements**

The financial statements contain information about Regulatory Finance Solutions Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, RFS Holdco 1 Limited, Unit 12 Global business park, Wilkinson Road, Cirencester, GL7 1YZ.

**Significant judgements and estimates**

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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.

There are no key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements:

**(i) Useful economic life of tangible assets**

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

**(ii) Impairment of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors, relationship with the debtors and historical experience.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 May 2021**

**3. ACCOUNTING POLICIES - continued**

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transactions, the fair value of the consideration is measured as the present value of all future receipts using the inputted rate of interest.

The company recognises revenue when the following conditions are satisfied:

**Rendering of services**

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

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

**Interest receivable**

Interest income is recognised using the effective interest method.

**Tangible fixed assets**

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

**Depreciation and residual values**

Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Long leasehold - 20% on straight line basis  
Other fixed assets - 20% on straight line basis  
Fixtures and fittings - 25% on reducing balance  
Computer equipment - 25% on reducing balance

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any changes is accounted for prospectively.

Repairs and maintenance costs are expensed as incurred.

**Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

**Investments in subsidiaries**

Investments in subsidiaries, associates and other investments are stated at cost less impairment. Cost includes the original transaction price including transaction costs.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 May 2021**

**3. ACCOUNTING POLICIES - continued**

**Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

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

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

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

**Deferred tax**

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

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

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

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Leased assets**

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substances of the arrangement.

**Finance leased assets**

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at their value of the lease asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

**Operating leased assets**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 May 2021**

**3. ACCOUNTING POLICIES - continued**

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

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

**Trade and other debtors**

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

**Trade and other creditors**

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**Related parties**

For the purposes of these financial statements, a party is considered to be related to the company if:

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the Company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
- (ii) the company and the party are subject to common control;
- (iii) the party is an associate of the company or a joint venture in which the company is a venturer;
- (iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 May 2021**

**3. ACCOUNTING POLICIES - continued**

**Impairment of assets**

Assets, other than those measured at fair value, as 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**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter an excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

**Financial assets**

For financial assets carried at amortised cost, the amount of an 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 report 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 assets 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.

**Financial instruments**

Financial instruments are classified by the directors as basic or advanced following the conditions in FRS 102 Section 11.

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Basic financial liabilities, including trade and other payables, bank loans and overdrafts and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 May 2021**

**3. ACCOUNTING POLICIES - continued**

**Provisions**

Provisions are recognised when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**Borrowing costs**

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

**4. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

|                | 2021<br>£         | 2020<br>£         |
|----------------|-------------------|-------------------|
| United Kingdom | 11,382,349        | 28,163,375        |
|                | <u>11,382,349</u> | <u>28,163,375</u> |

**5. EMPLOYEES AND DIRECTORS**

|                       | 2021<br>£        | 2020<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 1,105,554        | 2,629,471        |
| Social security costs | 132,785          | 319,667          |
| Other pension costs   | 14,898           | 19,416           |
|                       | <u>1,253,237</u> | <u>2,968,554</u> |

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

|       | 2021      | 2020      |
|-------|-----------|-----------|
| Staff | <u>19</u> | <u>27</u> |

|                         | 2021<br>£      | 2020<br>£        |
|-------------------------|----------------|------------------|
| Directors' remuneration | <u>316,004</u> | <u>1,174,187</u> |

The number of directors to whom retirement benefits were accruing was as follows:

|                        |          |          |
|------------------------|----------|----------|
| Money purchase schemes | <u>-</u> | <u>1</u> |
|------------------------|----------|----------|

Information regarding the highest paid director is as follows:

|                | 2021<br>£      | 2020<br>£      |
|----------------|----------------|----------------|
| Emoluments etc | <u>282,052</u> | <u>489,047</u> |

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 May 2021**

**6. OPERATING PROFIT**

The operating profit is stated after charging:

|                                  | 2021         | 2020           |
|----------------------------------|--------------|----------------|
|                                  | £            | £              |
| Hire of plant and machinery      | 24,175       | 79,275         |
| Other operating leases           | 28,006       | 127,656        |
| Depreciation - owned assets      | 17,928       | 58,582         |
| Loss on disposal of fixed assets | 63,166       | 86,655         |
| Auditor's remuneration           | 22,445       | 35,615         |
| Employee termination benefits    | <u>5,674</u> | <u>779,604</u> |

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

|                         | 2021     | 2020          |
|-------------------------|----------|---------------|
|                         | £        | £             |
| Bank loan interest      | -        | 8,926         |
| Hire purchase interest  | -        | 695           |
| Bank overdraft interest | -        | 496           |
|                         | <u>-</u> | <u>10,117</u> |

**8. TAXATION**

**Analysis of the tax charge**

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

|                    | 2021            | 2020           |
|--------------------|-----------------|----------------|
|                    | £               | £              |
| Current tax:       |                 |                |
| UK corporation tax | 164,696         | 443,377        |
| Deferred tax       | <u>(18,791)</u> | <u>(39)</u>    |
| Tax on profit      | <u>145,905</u>  | <u>443,338</u> |

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

|                                                                                         | 2021             | 2020             |
|-----------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                         | £                | £                |
| Profit before tax                                                                       | <u>1,722,464</u> | <u>2,610,179</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%) | 327,268          | 495,934          |
| Effects of:                                                                             |                  |                  |
| Expenses not deductible for tax purposes                                                | 543              | 44,900           |
| Capital allowances in excess of depreciation                                            | (163)            | (8,208)          |
| Utilisation of tax losses                                                               | (66,936)         | (89,249)         |
| Adjustments to tax charge in respect of previous periods                                | (96,016)         | -                |
| Deferred tax due to timing differences                                                  | <u>(18,791)</u>  | <u>(39)</u>      |
| Total tax charge                                                                        | <u>145,905</u>   | <u>443,338</u>   |

The standard rate of corporation tax in the United Kingdom was 19% for the year ended 31 May 2021. Increases to the UK corporation tax rate to 25% from 1 April 2023 were substantively enacted on 24 May 2021.

For the purposes of deferred tax, the rate changes from 19% to 25% had been substantively enacted before the balance sheet date. This will increase the company's future current tax charge and increase the company's deferred tax liability accordingly.

**Notes to the Financial Statements - continued  
for the Year Ended 31 May 2021**

**9. TANGIBLE FIXED ASSETS**

|                        | Fixtures<br>and<br>fittings<br>£ | Computer<br>equipment<br>£ | Totals<br>£    |
|------------------------|----------------------------------|----------------------------|----------------|
| <b>COST</b>            |                                  |                            |                |
| At 1 June 2020         | 279,362                          | 312,408                    | 591,770        |
| Additions              | 1,186                            | 3,000                      | 4,186          |
| Disposals              | (129,428)                        | (228,080)                  | (357,508)      |
| At 31 May 2021         | <u>151,120</u>                   | <u>87,328</u>              | <u>238,448</u> |
| <b>DEPRECIATION</b>    |                                  |                            |                |
| At 1 June 2020         | 216,742                          | 243,613                    | 460,355        |
| Charge for year        | 10,641                           | 7,287                      | 17,928         |
| Eliminated on disposal | (109,036)                        | (185,139)                  | (294,175)      |
| At 31 May 2021         | <u>118,347</u>                   | <u>65,761</u>              | <u>184,108</u> |
| <b>NET BOOK VALUE</b>  |                                  |                            |                |
| At 31 May 2021         | <u>32,773</u>                    | <u>21,567</u>              | <u>54,340</u>  |
| At 31 May 2020         | <u>62,620</u>                    | <u>68,795</u>              | <u>131,415</u> |

**10. FIXED ASSET INVESTMENTS**

|                                   | Shares in<br>group<br>undertakings<br>£ | Unlisted<br>investments<br>£ | Totals<br>£      |
|-----------------------------------|-----------------------------------------|------------------------------|------------------|
| <b>COST</b>                       |                                         |                              |                  |
| At 1 June 2020<br>and 31 May 2021 | <u>100</u>                              | <u>3,116,506</u>             | <u>3,116,606</u> |
| <b>NET BOOK VALUE</b>             |                                         |                              |                  |
| At 31 May 2021                    | <u>100</u>                              | <u>3,116,506</u>             | <u>3,116,606</u> |
| At 31 May 2020                    | <u>100</u>                              | <u>3,116,506</u>             | <u>3,116,606</u> |

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**RFS Financial Crime Limited**

Registered office: Unit 12, Global Business Park, Wilkinson Road, Cirencester, GL7 1YZ

Nature of business: Financial intermediation

|                                | %<br>holding | 2021<br>£   | 2020<br>£   |
|--------------------------------|--------------|-------------|-------------|
| Class of shares:               | 100.00       |             |             |
| Ordinary                       |              |             |             |
| Aggregate capital and reserves |              | 2,623       | 2,653       |
| Loss for the year              |              | <u>(30)</u> | <u>(30)</u> |

**Associates**

Unlisted investments includes an investment where the company holds more than 20% shareholding. The following is the unlisted investment where the company has more than a 20% shareholding:

| Name                     | Class of<br>shares | Effective<br>holding | Principal<br>activity | Registered office address                                                          |
|--------------------------|--------------------|----------------------|-----------------------|------------------------------------------------------------------------------------|
| Cybsafe holdings Limited | Ordinary           | 24%                  | Cyber<br>security     | Windmill Hill Business Park, Whitehill<br>Way, Swindon, United Kingdom, SN5<br>6QR |

During the period Byzgen Ltd ceased to be an associate.

**Notes to the Financial Statements - continued  
for the Year Ended 31 May 2021**

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

|                                    | 2021             | 2020             |
|------------------------------------|------------------|------------------|
|                                    | £                | £                |
| Trade debtors                      | 239,774          | 180,140          |
| Amounts owed by group undertakings | 1,392,998        | -                |
| Other debtors                      | 207,214          | 195,744          |
| Tax                                | 117,640          | 279,245          |
| Deferred tax asset                 | 79,117           | 60,326           |
| Prepayments and accrued income     | 563,109          | 409,393          |
|                                    | <u>2,599,852</u> | <u>1,124,848</u> |

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

|                                    | 2021           | 2020             |
|------------------------------------|----------------|------------------|
|                                    | £              | £                |
| Trade creditors                    | 359,147        | 150,225          |
| Amounts owed to group undertakings | -              | 2,910,003        |
| Social security and other taxes    | 39,452         | 9,352            |
| VAT                                | 267,331        | 667,651          |
| Other creditors                    | 9,405          | 3,182            |
| Accruals and deferred income       | 222,766        | 318,445          |
|                                    | <u>898,101</u> | <u>4,058,858</u> |

**13. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

|                            | 2021          | 2020          |
|----------------------------|---------------|---------------|
|                            | £             | £             |
| Within one year            | 25,377        | 33,841        |
| Between one and five years | 26,524        | 15,732        |
|                            | <u>51,901</u> | <u>49,573</u> |

**14. CALLED UP SHARE CAPITAL**

| Allotted, issued and fully paid: |          | Nominal<br>value: | 2021         | 2020         |
|----------------------------------|----------|-------------------|--------------|--------------|
| Number:                          | Class:   |                   | £            | £            |
| 1,000                            | Ordinary | £1                | <u>1,000</u> | <u>1,000</u> |

All shares rank equally in regards to voting rights.

The shares have a nominal value of £1 and were issued at par.

All shares rank equally in regards to dividends.

All shares rank in proportion to the nominal amount paid up with regards to distributions on winding up or other repayment of capital.

**15. PENSION COMMITMENTS**

During the year pension contributions of £Nil (2020: £329) were made on behalf of the directors and contributions of £14,898 (2020: £19,087) were made on behalf of the employees. At the year end outstanding pension contributions payable amounted to £5,505 (2020: £3,033).

**16. OTHER FINANCIAL COMMITMENTS**

The immediate parent had entity entered into a loan which is secured by a fixed and floating charge over the assets of the immediate parent and its subsidiaries of which the company is a member. The bank loan was for a value of £7 million net of arrangement fees. The loan was repaid on 8 October 2021 and the charges satisfied.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 May 2021**

**17. RELATED PARTY DISCLOSURES**

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

**Transactions with directors**

The Trustees of Turner and Couzens SSAS is owned by two directors. During the period the company paid rent and service charges totalling £Nil (2020: £115,938). In the prior year, one of the leases was terminated early and an early termination fee was paid of £105,000.

During the period the company paid rent totalling £18,000 (2020: £18,000) to a director.

A director has a beneficial loan, which will become repayable should the director leave the company totalling £194,000 (2020: £194,000) this is included within other debtors.

During the prior period the company purchased services from Augmentum Solutions Limited, a company controlled by a former director in the ordinary course of business at a cost of £504. No such transactions occurred this year.

During the period the group entered into transactions with Adviser Services Holdings Limited, a company controlled by a director. During the period the group paid for expenses on their behalf totalling £42,306 (2020: £1,165,950). Amounts owed by Adviser Services Holdings Limited at the period end were £12,925 (2020: £52,362).

The company is related to RFS Holdings Ltd and its subsidiaries, RFS Holdings Limited is 100% owned by a director. During the period the company undertook the following transactions with RFS Holdings Limited and its subsidiaries:

|                                           | Purchases<br>£ | Sales<br>£ | Balance at<br>period end<br>£ |
|-------------------------------------------|----------------|------------|-------------------------------|
| Consumer Credit Advisory Services Limited | -              | 12,908     | 8,008                         |
| Essentia Limited                          | 5,197          | 2,723      | 216                           |

During the prior period the company undertook the following transactions with RFS Holdings Limited and its subsidiaries:

|                                           | Purchases<br>£ | Sales<br>£ | Balance at<br>period end<br>£ |
|-------------------------------------------|----------------|------------|-------------------------------|
| Consumer Credit Advisory Services Limited | 4,766          | 31,787     | 35,803                        |
| Essentia Limited                          | 94             | 9,426      | 18,755                        |

These amounts all relate to trading balances and included within debtors at the reporting date were outstanding amounts of £8,224 (2020: £54,558).

**Transactions with associates**

During the period the company purchased services in the ordinary course of business from associates of the company, at a cost of £625 (2020: £Nil) and provided services in the ordinary course of business at a value of £33,675 (2020: £24,000).

**18. POST BALANCE SHEET EVENTS**

On the 2 February 2022 the shares held in Cybsafe holdings Limited were disposed of realising the investment value in full.

On 16 September 2022 the Company entered into a joint venture owning 33% of the new venture.

**19. ULTIMATE CONTROLLING PARTY**

The company's parent company is RFS Holdco 1 Limited and the smallest and largest group into which the results of Regulatory Finance Solutions Limited are consolidated.

Copies of the group financial statements may be obtained from Unit 12 Global Business Park, Wilkinson Road, Cirencester, GL7 1YZ.

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