REGISTERED NUMBER: 05488515 (England and Wales)

Strategic Report, Report of the Directors and Financial Statements for the Year Ended 31 May 2022

for

Regulatory Finance Solutions Limited

Contents of the Financial Statements for the Year Ended 31 May 2022

Regulatory Finance Solutions Limited

Company Information
for the Year Ended 31 May 2022

DIRECTORS:	J Turner M A Couzens Mrs M Turner
REGISTERED OFFICE:	Unit 12 Global Business Park Wilkinson Road Cirencester Gloucestershire GL7 1YZ
REGISTERED NUMBER:	05488515 (England and Wales)

Strategic Report
for the Year Ended 31 May 2022

The directors present their strategic report for the year ended 31 May 2022.

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

REVIEW OF BUSINESS
During the year the Company developed a strategic relationship with BDO Services and RFS is now operating as an Investment Holding Company.

PRINCIPAL RISKS AND UNCERTAINTIES
RFS' move to an Investment Company has enabled it to significantly reduce its number of employees and its cost base; and the sale of shares held has lowered the value of investments held to £367,020 (2021: £3,116,606) These changes have helped to mitigate some of the key risks from previous years. There is a risk that the investments do not become profit making, and will not produce dividends in the timescales anticipated. RFS management believe that the business plans for growth in the strategic relationship and Investment Company are achievable and that these Companies will deliver future income to RFS.

FUTURE DEVELOPMENTS
The Directors anticipate that RFS will continue as an Investment Company for the foreseeable future.

FINANCIAL KEY PERFORMANCE INDICATORS
Turnover of continued operations for the year was £4,982,632 (2021: £11,382,349), and operating profit was £46,835 (2021: £1,719,885). The operating margin decreased to 0.1% (2021: 15.1%).

ON BEHALF OF THE BOARD:

J Turner - Director

28 February 2023

Report of the Directors
for the Year Ended 31 May 2022

The directors present their report with the financial statements of the company for the year ended 31 May 2022.

DIVIDENDS
No interim dividend was paid during the year. The directors recommend a final dividend of 6,470.15 per share.

The total distribution of dividends for the year ended 31 May 2022 will be £ 6,470,149 .

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 2021 to the date of this report.

J Turner
M A Couzens

Other changes in directors holding office are as follows:

Mrs M Turner was appointed as a director after 31 May 2022 but prior to the date of this report.

DISCLOSURE IN THE STRATEGIC REPORT
The directors have chosen to report on the principal risks and uncertainties effecting 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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Sumer Audit, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J Turner - Director

28 February 2023

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 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 2022 and of its loss 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.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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. 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 Sumer Audit
Statutory Auditors
Hermes House
Fire Fly Avenue
Swindon
Wiltshire
SN2 2GA

28 February 2023

Statement of Comprehensive Income for the Year Ended 31 May 2022

	Notes	2022 £	2022 £	2021 £	2021 £
TURNOVER	4		4,982,632		11,382,349
Cost of sales			4,038,414		8,208,855
GROSS PROFIT			944,218		3,173,494
Administrative expenses			1,080,743		1,626,116
			(136,525)		1,547,378
Other operating income			183,360		172,507
OPERATING PROFIT	6		46,835		1,719,885
Profit/loss on sale of invest	7		1,242,613		-
			1,289,448		1,719,885
Income from shares in group undertakings		2,523		-	
Interest receivable and similar income		360		2,579	
			2,883		2,579
			1,292,331		1,722,464
Amounts written off investments	8		1,750,030		-
			(457,699)		1,722,464
Interest payable and similar expenses	9		18,340		-
(LOSS)/PROFIT BEFORE TAXATION			(476,039)		1,722,464
Tax on (loss)/profit	10		29,911		145,905
(LOSS)/PROFIT FOR THE FINANCIAL YEAR			(505,950)		1,576,559
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			(505,950)		1,576,559

Balance Sheet
31 May 2022

	Notes	2022 £	2022 £	2021 £	2021 £
FIXED ASSETS					
Tangible assets	12		40,754		54,340
Investments	13		367,020		3,116,606
			407,774		3,170,946
CURRENT ASSETS					
Debtors	14	469,973		2,599,852	
Cash at bank		1,321,737		3,779,824	
		1,791,710		6,379,676	
CREDITORS					
Amounts falling due within one year	15	523,062		898,101	
NET CURRENT ASSETS			1,268,648		5,481,575
TOTAL ASSETS LESS CURRENT LIABILITIES			1,676,422		8,652,521
CAPITAL AND RESERVES					
Called up share capital	18		1,000		1,000
Retained earnings			1,675,422		8,651,521
SHAREHOLDERS' FUNDS			1,676,422		8,652,521

The financial statements were approved by the Board of Directors and authorised for issue on 28 February 2023 and were signed on its behalf by:

J Turner - Director

Statement of Changes in Equity for the Year Ended 31 May 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 June 2020	1,000	7,074,962	7,075,962
Changes in equity			
Total comprehensive income	-	1,576,559	1,576,559
Balance at 31 May 2021	1,000	8,651,521	8,652,521
Changes in equity			
Dividends	-	(6,470,149)	(6,470,149)
Total comprehensive income	-	(505,950)	(505,950)
Balance at 31 May 2022	1,000	1,675,422	1,676,422

The notes form part of these financial statements

Cash Flow Statement
for the Year Ended 31 May 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	1,592,098	(2,977,596)
Interest paid		(18,340)	-
Tax paid		199,228	(3,091)
Net cash from operating activities		1,772,986	(2,980,687)
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(4,186)
Purchase of fixed asset investments		1,242,283	-
Sale of tangible fixed assets		-	167
Sale of fixed asset investments		999,886	-
Interest received		360	2,579
Dividends received		2,523	-
Net cash from investing activities		2,245,052	(1,440)
Cash flows from financing activities			
Amount withdrawn by directors		(5,976)	-
Equity dividends paid		(6,470,149)	-
Net cash from financing activities		(6,476,125)	-
Decrease in cash and cash equivalents		(2,458,087)	(2,982,127)
Cash and cash equivalents at beginning of year	2	3,779,824	6,761,951
Cash and cash equivalents at end of year	2	1,321,737	3,779,824

Notes to the Cash Flow Statement for the Year Ended 31 May 2022

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
(Loss)/profit before taxation	(476,039)	1,722,464
Depreciation charges	1,763,688	17,928
(Profit)/loss on disposal of fixed assets	(1,242,613)	63,166
Tax paid	(319,089)	-
Government grants	10,900	(10,900)
Finance costs	18,340	-
Finance income	(2,883)	(2,579)
	(247,696)	1,790,079
Decrease/(increase) in trade and other debtors	1,977,404	(1,606,918)
Decrease in trade and other creditors	(137,610)	(3,160,757)
Cash generated from operations	1,592,098	(2,977,596)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 May 2022

	31.5.22	1.6.21
	£	£
Cash and cash equivalents	1,321,737	3,779,824

Year ended 31 May 2021

	31.5.21	1.6.20
	£	£
Cash and cash equivalents	3,779,824	6,761,951

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.6.21	Cash flow	At 31.5.22
	£	£	£
Net cash			
Cash at bank	3,779,824	(2,458,087)	1,321,737
	3,779,824	(2,458,087)	1,321,737
Total	3,779,824	(2,458,087)	1,321,737

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 (£).

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.

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.

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3. **ACCOUNTING POLICIES - continued**

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.

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.

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3. **ACCOUNTING POLICIES - continued**

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 no 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.

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.

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3. **ACCOUNTING POLICIES - continued**

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.

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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 is 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.

continued...

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 loss (2021 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	4,982,632	11,382,349
	4,982,632	11,382,349

5. **EMPLOYEES AND DIRECTORS**

	2022	2021
	£	£
Wages and salaries	587,069	1,105,554
Social security costs	72,124	132,785
Other pension costs	6,499	14,898
	665,692	1,253,237

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

	2022	2021
Staff	7	19

	2022	2021
	£	£
Directors' remuneration	193,455	316,004

Key management personnel and directors are the same people.

6. **OPERATING PROFIT**

The operating profit is stated after charging:

	2022	2021
	£	£
Hire of plant and machinery	18,159	24,175
Other operating leases	24,815	28,006
Depreciation - owned assets	13,586	17,928
Loss on disposal of fixed assets	-	63,166
Auditor's remuneration	23,043	22,445
Employee termination benefits	-	5,674

continued...

7. **EXCEPTIONAL ITEMS**

	2022	2021
	£	£
Intercompany loan waiver	157,929	-
Profit/loss on sale of invest	1,242,613	-
	1,400,542	-

8. **AMOUNTS WRITTEN OFF INVESTMENTS**

	2022	2021
	£	£
Impairment of fixed asset investments	1,750,030	-

9. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022	2021
	£	£
Bank loan interest	18,340	-

10. **TAXATION**

Analysis of the tax charge
The tax charge on the loss for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	-	164,696
Deferred tax	29,911	(18,791)
Tax on (loss)/profit	29,911	145,905

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
(Loss)/profit before tax	(476,039)	1,722,464
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(90,447)	327,268
Effects of:		
Expenses not deductible for tax purposes	343,595	543
Income not taxable for tax purposes	(266,583)	-
Capital allowances in excess of depreciation	(9,521)	(163)
Utilisation of tax losses	33,869	(66,936)
Adjustments to tax charge in respect of previous periods	-	(96,016)
Deferred tax due to timing differences	29,911	(18,791)
NTLR deficit	(10,913)	-
Total tax charge	29,911	145,905

11. **DIVIDENDS**

	2022	2021
	£	£
Ordinary shares of £1 each		
Final	6,470,149	-

continued...

12. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 June 2021 and 31 May 2022	151,120	87,328	238,448
DEPRECIATION			
At 1 June 2021	118,347	65,761	184,108
Charge for year	8,194	5,392	13,586
At 31 May 2022	126,541	71,153	197,694
NET BOOK VALUE			
At 31 May 2022	24,579	16,175	40,754
At 31 May 2021	32,773	21,567	54,340

13. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Unlisted investments £	Totals £
COST			
At 1 June 2021	100	3,116,506	3,116,606
Additions	-	330	330
Disposals	-	(999,886)	(999,886)
Impairments	-	(1,750,030)	(1,750,030)
At 31 May 2022	100	366,920	367,020
NET BOOK VALUE			
At 31 May 2022	100	366,920	367,020
At 31 May 2021	100	3,116,506	3,116,606

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

Subsidiary

RFS Financial Crime Limited
Registered office: Unit 12, Global Business Park, Wilkinson Road, Cirencester, GL7 1YZ
Nature of business: Financial intermediation

Class of shares:	% holding
Ordinary	100.00

	2022 £	2021 £
Aggregate capital and reserves	100	2,623
Loss for the year	-	(30)

continued...

13. **FIXED ASSET INVESTMENTS - continued**

Associated company

BDO Regulatory Solutions Limited
Registered office: 5 Baker Street, London, United Kingdom, W1U 7EU
Nature of business: Financial Management

	%
Class of shares:	holding
Ordinary	33.00

	1.7.22
	£
Aggregate capital and reserves	1
Loss for the period/year	(607)

During the period, Cybsafe Holdings Limited was disposed of and therefore ceased to be an associate.

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

	2022	2021
	£	£
Trade debtors	212,537	239,774
Amounts owed by group undertakings	-	1,392,998
Other debtors	162,178	207,214
Directors' current accounts	5,976	-
Tax	-	117,640
Deferred tax asset	49,206	79,117
Prepayments and accrued income	40,076	563,109
	469,973	2,599,852

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

	2022	2021
	£	£
Trade creditors	194,018	359,147
Tax	81,588	-
Social security and other taxes	46,311	39,452
VAT	49,861	267,331
Other creditors	430	9,405
Accruals and deferred income	150,854	222,766
	523,062	898,101

16. **LEASING AGREEMENTS**

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

	2022	2021
	£	£
Within one year	11,145	25,377
Between one and five years	7,234	26,524
	18,379	51,901

continued...

17. FINANCIAL INSTRUMENTS

The carrying value of the financial assets and liabilities are summarised by category below:

	2022	2021
	£	£
Financial assets		
Measured at undiscounted amount receivable		
- Trade and other debtors and accrued income	400,658	975,257
- Cash at bank and at hand	1,321,737	3,779,824
	1,722,395	4,755,081
Financial liabilities		
Measured at amortised cost		
- Bank loans	-	-
Measured at undiscounted amount payable		
- Trade and other creditors and accruals	(345,301)	(801,682)
	(503,230)	(801,682)

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
1,000	Ordinary	£1	1,000	1,000

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.

19. PENSION COMMITMENTS

During the year pension contributions of £Nil (2021: £Nil) were made on behalf of the directors and contributions of £Nil (2021: £14,898) were made on behalf of the employees. At the year end outstanding pension contributions payable amounted to £Nil (2021: £5,505).

20. OTHER FINANCIAL COMMITMENTS

The immediate parent had 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 fo £7 million net of arrangement fees.The loan was repaid on 8 October 2021 and the charges satisfied.

continued...

21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 May 2022 and 31 May 2021:

	2022 £	2021 £
J Turner		
Balance outstanding at start of year	-	-
Amounts advanced	1,105,976	-
Amounts repaid	(1,100,000)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	5,976	-

22. 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
During the period the company paid rent totalling £18,000 (2021: £18,000) to a director.

During the year a loan of value £1.1million was given by a director which was repaid entirely in the year. No interest was payable on this amount.

One director had an overdrawn director's loan account of £5,976 at year end.

A director has a beneficial loan, which will become repayable should the director leave the company totalling £156,030 (2021: £194,000) this is included within other debtors.

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 £17,576 (2021: £42,306). Amounts owed by Adviser Services Holdings Limited at the period end were £2,290 (2021: £12,925).

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 £	Sales £	Balance at period end £
Consumer Credit Advisory Services Limited	-	1,830	3,964

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

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

These amounts all relate to trading balances and included within debtors at the reporting date were outstanding amounts of £3,964 (2021: £8,224).

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 £Nil (2021: £625) and provided services in the ordinary course of business at a value of £3,312 (2021: £33,675). These amounts all relate to trading balances and included within debtors at the reporting date were outstanding amounts of £3,974 (2021: £Nil).

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23. POST BALANCE SHEET EVENTS

All sales contracts within Regulatory Finance Solutions Limited have been transferred to BDO Regulatory Solutions Limited.

RFS Financial Crime Limited, a subsidiary of Regulatory Finance Solutions Limited, has been struck off.

24. ULTIMATE CONTROLLING PARTY

The company's parent company is RFS Holdco 1 Limited.