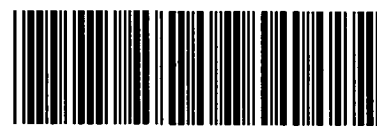


Registered number: 06742453

Ascent Performance Group Limited

**Annual report and financial statements
for the year ended 30 April 2023**

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Ascent Performance Group Limited

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Ascent Performance Group Limited

Strategic report

The Directors present their annual report and the audited financial statements for the year ended 30 April 2023. In preparing this report, the Directors have complied with S414c of the Companies Act 2006.

Principal activities

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

Review of the business

The results for the year and financial position of the company are as shown on page 12 to 29 in the financial statements.

Company revenues for the year ended 30 April 2023 decreased by 33% to £6.7m (2022: £10.0m). As a specialist law firm and financial services business providing arrears management, the market conditions remained challenging in the year following the effect of the Covid-19 pandemic in particular leading to a suspension across the market of many of the company's normal activities for a material proportion of the year. The reduction in revenue is due to the loss of the outsourced contracts which finished in December 2021 & March 2022. As the year drew towards a close, the company's previous services gradually began to return however not yet to the same quantum as pre Covid.

Loss after tax was £0.5m (2022: £0.6m), decreasing the Shareholders' funds to £4.2m for the year ended 30 April 2023 (year ended 30 April 2022 as restated: £4.7m). The slight improvement in losses in year has been largely driven by the prior year restructure following the loss of the outsourcing contract.

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

The average number of employees decreased to 105 for the year ended 30 April 2023 (year ended 30 April 2022: 173). The company expects this number to stabilise in 2024 and increase again in future years as the company grows. The decrease in number of employees for the financial year has been driven by servicing the outsourcing contract.

Key performance indicators

Detailed objectives and financial budgets are set each year, and actual results are closely monitored against these on a monthly basis. Key performance indicators used include revenue (as stated above), result after tax (as stated) and revenue per employee that increased by 11% to £64,663 (2022: £57,519). This is due to the decrease in the number of employees.

As an FCA regulated business the company is required to maintain at all times, appropriate liquidity resources, including capital resources, defined as net assets less total intangibles assets. The company's capital resources decreased by £0.5m to £4.2m (2022: £4.7m). The thresholds vary depending on the total value of our regulated income, and liquidity levels determined as reasonable following financial performance scenario stress testing.

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

Principal risks and uncertainties

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

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

Ascent Performance Group Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

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

Financial market conditions and movements are outside the control of the business. The company regularly assesses its abilities to react to movements in these to ensure client requirements can be met in the appropriate manner.

The company has a dedicated risk and compliance function to deal with day-to-day matters regarding ongoing compliance with applicable laws and regulations.

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

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

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

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

The core business is showing signs of recovery from the impact of Covid 19 on the business.. Longer term it is likely to recover fully and the Directors consider the business should benefit from the probable recession.

Strategy and likely future developments

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

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

Section 172 (1) statement

In accordance with section 172 of the Companies Act 2006, the Directors of the company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

Ascent Performance Group Limited

Strategic report (continued)

Section 172 (1) statement (continued)

The company structures its objectives around 4 strategic pillars: Clients, Colleagues, Communities, and Finance, Risk and Compliance. The following sets out how the Directors interpret these 4 pillars in accordance with the above responsibilities, and some examples of how the company demonstrates these in practice.

| Strategic pillar | Examples of engagement | Why it matters |
|------------------------------|--|---|
| Clients | <ul style="list-style-type: none"> Seeking customer feedback via Trustpilot Obtaining client feedback through audits and relationship meetings Investment in operational leadership, training and quality management to ensure fair customer outcomes | <ul style="list-style-type: none"> The Directors believe delivering exceptional client service is fundamental to the company's continuing success Understanding and reacting to clients' needs, both current and in future, is pivotal in meeting this goal |
| Colleagues | <ul style="list-style-type: none"> Providing clear career paths within a benchmarked career framework Linking reward to performance across a number of quantitative and qualitative measures Empowering colleagues to deliver improvements through training and delegated responsibilities Seeking feedback from colleagues through regular Great Place to Work surveys | <ul style="list-style-type: none"> The Directors recognise that colleagues are at the heart of the business and strive to value everyone for who they are and what they bring Gathering feedback and building an inclusive business supports engagement and encourages colleagues to be the best they can be |
| Communities | <ul style="list-style-type: none"> Giving all colleagues two days paid volunteering leave annually Actively engaging with group-wide fundraising activities in partnership with the Irwin Mitchell Charities Foundation Signing up to diversity charters, including Women in Finance Maintaining positive supplier relationships via prompt payment and regular two-way service reviews Committing to improve the impact of the Company on the environment | <ul style="list-style-type: none"> The Directors strongly support the principles of corporate responsibility, including promoting inclusion, driving sustainability, and helping the wider community, and recognise the power the company has to deliver positive change in all these areas |
| Finance, Risk and Compliance | <ul style="list-style-type: none"> Reporting data promptly and accurately to regulatory bodies Actively engaging with industry bodies to support the effective roll-out of new regulations Engaging with experienced external professional advisers to ensure high levels of compliance Regular reviews of material risks and development of effective mitigation plans Restructure and redeployment of colleagues following cessation of certain outsourcing work to right size the business | <ul style="list-style-type: none"> The Directors are focussed on the facts that the company can only be sustainable and successful, and deliver the expected value to all stakeholders if risks are managed effectively, clients are protected by the highest standards of regulatory compliance, and financial targets are met. |

As an example of how the Directors have met their responsibilities under section 172 in the company, as part of the wider Irwin Mitchell group ('Group'), conducted an extensive exercise to benchmark all colleague roles against appropriate externally sourced data. This was done in response to feedback collected by the Group from colleagues via Great Place to Work surveys around a desire for increased clarity in the areas of reward and progression.

Ascent Performance Group Limited

Strategic report (continued)

Section 172 (1) statement (continued)

The Group has developed and rolled-out a multi-strand career framework to provide colleagues with clear insight as to their current position and future career progression options within the Group, and to set standards and expectations around reward, supporting line managers in delivering appropriate and fair outcomes for their teams.

Approved by the Board on 4 August 2023 and signed on its behalf by:



.....
G Walker
Director

Ascent Performance Group Limited

Directors' report

The Directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 30 April 2023.

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

Directors of the Company

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

M Higgins
G D Walker
M J Egglenton (Resigned on 1 March 2023)
H L Owen (Appointed on 21 March 2023)
E L Windle (Appointed on 2 March 2023)

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

Results

The results for the year are shown on the Statement of Comprehensive Income on page 12. The loss after taxation was £0.5m (2022: £0.6m). No dividends were declared or proposed in the current or previous year. Net assets as at the year-end were £4.2m (2022: £4.7m). The results for the year are discussed in detail within the strategic report on page 1.

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

Going concern

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence throughout the going concern period to September 2024. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

The company is a member of the Irwin Mitchell Holdings Limited group of companies ("the Group") whose ultimate parent entity is Irwin Mitchell Holdings Limited ("IMH"). The company benefits from Group support when needed. The going concern assessment has been completed at a Group level, in which the company is consolidated. The Directors of Ascent Performance Group Limited are satisfied that the company is able to continue as a going concern on this basis. In addition, the Directors have received confirmation that the parent, IMH, will provide support to the company throughout the going concern period, should it be required.

The Group meets its day to day working capital requirements primarily through available cash and cash equivalent balances, which stand at £44.4m at April 2023. The Group also has access to a committed £50m combined revolving credit and overdraft facility ('RCF'), renewed in August 2022 and committed through to August 2026, neither of which have been drawn down at any point during the year. The Group also has an additional £25m accordion facility that can be requested for the use of M&A activity but is not included in subsequent headroom analysis. The ongoing availability of borrowing facilities is dependent upon continued compliance with associated banking covenants and compliance was maintained throughout the year, and is expected to be comfortably maintained through the going concern period.

The Group has good visibility over its revenue pipeline. On the basis that CPI cases typically take an average of around four years to work through to conclusion and final billing, and it is therefore anticipated that the vast majority of CPI income throughout the going concern period will arise from secured work. This forward income visibility gives management comfort over the availability of future income streams.

The Group's Financial Continuity Committee ('FCC') meet at least monthly to discuss latest cash flow projections extending out to at least 30 September 2024. The projections are developed, reviewed and updated regularly by senior management across the Group with Divisional CEOs. Group Company Directors and Group Services Directors are all

Ascent Performance Group Limited

Directors' report (continued)

Going concern (continued)

involved in forecasting and reviewing actual spend and trading pipelines. The most recent projections show the Group as remaining significantly profitable throughout the going concern period, and with significant headroom on available cash of least £44m throughout. This amount of headroom on availability facilities is considered to be adequate to enable the business to continue in operation and support growth plans for the going concern period to 30 September 2024.

Management have stress tested the base case SGP by modelling a severe downside scenario, which reduces revenue below that achieved in FY23, represented by a 10% reduction in budgeted revenue and cash collections (offset by corresponding impacts on corporation tax and bonus payments). This scenario is considered sufficiently unlikely on the basis that management has good visibility over the future income stream (particularly in CPI as noted above) and that the Group has demonstrated its resilience to short and medium term macro-economic instability through the COVID-19 pandemic and current macro-economic risks. The impact of the severe downside scenario, if unmitigated and when modelled throughout the going concern period, would likely result in a utilisation of the borrowing facilities but with liquidity headroom at all times exceeding £39m and sufficient headroom on all banking covenants. Management have therefore determined that only a very severe unmitigated reduction in trading performance would be required to remove all headroom on available facilities or covenant calculations.

The possibility is remote that conditions change to such a degree within the outlook period to see headroom on available facilities or covenant headroom be reduced to such a degree that mitigating actions would be required to fund ongoing operations, however, the Group has proven through its reaction to the COVID-19 pandemic that it is capable of reacting swiftly to changing circumstances in order to substantially manage costs during a prolonged period of uncertainty. During FY21, the Group achieved an estimated cost saving of £12m as a result of actions and decisions taken by the Financial Continuity Committee. Going forward, similar mitigating actions are available to the Group if required, in addition to others such as reducing spend on growth plans, should the highly unlikely need arise.

Based upon their assessment of the forecast described above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern period to 30 September 2024. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The company does not use derivative financial instruments for risk management or speculative purposes. Ascent Performance Group Limited does not have any branches outside the UK.

Credit risk

The company's principal financial assets are bank balances, cash and loans, trade and other receivables, and investments. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is minimised because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Cash flow and interest rate risk

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

Liquidity risk

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

Ascent Performance Group Limited

Directors' report (continued)

Disclosure of information to the auditor

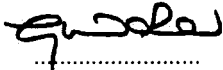
Each of the persons who is a director at the date of approval of this report confirms that:

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

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

The Directors appointed Ernst & Young LLP as auditor for year ended 30 April 2023. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Approved by the Board on 4 August 2023 and signed on its behalf by:



.....
G Walker
Director

Ascent Performance Group Limited

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 101"). 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (and in respect of the parent company financial statements, Section 10 of FRS 101) and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not 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 company and 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.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Ascent Performance Group Limited

Statement of Comprehensive Income For the year ended 30 April 2023

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

Opinion

We have audited the financial statements of Ascent Performance Group Limited for the year ended 30th April 2023 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 18, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30th April 2023 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 to September 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

The notes on pages 15 to 29 form part of the financial statements.

Ascent Performance Group Limited

Statement of Comprehensive Income For the year ended 30 April 2023

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report 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 directors' report.

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

- adequate accounting records have not been kept 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 directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

The notes on pages 15 to 29 form part of the financial statements.

Ascent Performance Group Limited

Statement of Comprehensive Income

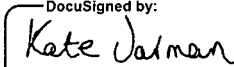
For the year ended 30 April 2023

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the financial reporting framework (FRS 101), Financial Conduct Authority ("FCA"), Solicitor's Regulation Authority("SRA"), Listing Rules and UK Tax Legislation.
- We understood how Ascent Performance Group Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and papers provided to the Audit Committee, as well as observation in those Audit Committee meetings and consideration of the results of our audit procedures across the company. We also obtained and reviewed the latest correspondence with the FCA.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by assessing the risk of fraud absent of controls, and then identifying controls which are in place at the entity level and whether the design of those controls is sufficient for the prevention and detection of fraud, utilising internal and external information to perform our fraud risk assessment. We considered the risk of fraud through management override and considered the design and implementation of controls at the financial statement level to prevent this, as well as incorporating data analytics across manual journal entries into our audit approach, which was designed to provide reasonable assurance that the financial statements were free from material fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business, enquiries of compliance officer and management. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards and UK legislation.
- Ascent Performance Group is regulated by the FCA. We have reviewed the correspondence and submissions to the FCA alongside assessing the control environment and any impact that regulatory matters might have on the financial statements, including management's commentary within the Strategic Report, principally within Risks and Uncertainties and Key Performance indicators.

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

Use of our report

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

DocuSigned by:

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Kate Jarman (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
4th August 2023

Ascent Performance Group Limited

Statement of Comprehensive Income

For the year ended 30 April 2023

| | Note | 2023 £ | 2022 £ |
|---|------|------------------|------------------|
| Revenue | 3 | 6,687,885 | 9,950,811 |
| Cost of sales | | (694,627) | (610,619) |
| Gross profit | | <u>5,993,258</u> | <u>9,340,192</u> |
| Staff costs | 6 | (4,625,254) | (6,885,663) |
| Administrative expenses | | (2,225,213) | (3,107,929) |
| Operating (loss) | 4 | <u>(857,209)</u> | <u>(653,400)</u> |
| Interest receivable and similar income | 8 | 184,530 | 5,715 |
| (Loss) before taxation | | <u>(672,679)</u> | <u>(647,685)</u> |
| Tax on (loss) | 9 | 136,989 | 89,174 |
| (Loss) for the financial year attributable to the equity shareholders of the Company | | <u>(535,690)</u> | <u>(558,511)</u> |

Revenue and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the current or preceding financial year other than the results shown above. Accordingly, a separate Statement of Comprehensive Income is not presented.

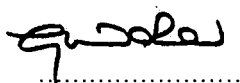
Ascent Performance Group Limited

Statement of Financial Position

As at 30 April 2023

| | Note | 2023 £ | 2022 £ |
|--|------|--------------------|--------------------|
| Non-current assets | | | |
| Intangible assets | 10 | 2,325 | 15,201 |
| Investments | 11 | 43,490 | 43,490 |
| | | <u>45,815</u> | <u>58,691</u> |
| Current assets | | | |
| Trade and other receivables | 12 | 3,563,238 | 2,687,795 |
| Cash and cash equivalents | | 2,005,038 | 3,284,014 |
| | | <u>5,568,276</u> | <u>5,971,809</u> |
| Current liabilities | | | |
| Trade and other payables | 13 | (1,185,531) | (1,073,760) |
| Taxation and social security | | (236,447) | (228,937) |
| | | <u>(1,421,978)</u> | <u>(1,302,697)</u> |
| Net current assets | | <u>4,146,298</u> | <u>4,669,112</u> |
| Total assets less current liabilities | | <u>4,192,113</u> | <u>4,727,803</u> |
| Net assets | | <u>4,192,113</u> | <u>4,727,803</u> |
| Equity | | | |
| Called-up share capital | 14 | 100 | 100 |
| Retained earnings | | 4,192,013 | 4,727,703 |
| Total equity | | <u>4,192,113</u> | <u>4,727,803</u> |

The financial statements of Ascent Performance Group Limited (registered number 06742453) were approved by the board of Directors and authorised for issue on 4 August 2023 They were signed on its behalf by:


.....
G Walker
Director

Ascent Performance Group Limited

Statement of changes in equity

For the year ended 30 April 2023

| Note | Called-up share capital £ | Retained earnings £ | Total £ |
|--|------------------------------------|---------------------------|------------|
| At 1 May 2021 | 100 | 5,286,214 | 5,286,314 |
| Loss for the financial year being total comprehensive income | - | (558,511) | (558,511) |
| At 30 April 2022 | 100 | 4,727,703 | 4,727,803 |
| Loss for the financial year being total comprehensive income | - | (535,690) | (535,690) |
| At 30 April 2023 | 100 | 4,192,013 | 4,192,113 |

The notes on pages 15 to 29 form part of the financial statements.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

1. Accounting policies

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

a. General information and basis of accounting

Ascent Performance Group Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is incorporated and registered in England and Wales. The address of the registered office is Riverside East, 2 Millsands, Sheffield, S3 8DT. The nature of the company's operations and its principal activities are set out in the strategic report on pages 1 to 4.

These financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("UK Adopted International Accounting Standards"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

Ascent Performance Group Limited meets the definition of a qualifying entity under FRS 101 and has therefore taken advantage of the following disclosure exemptions available to it in respect of its separate financial statements:

- The requirements of IAS 7 'Statement of Cash Flows' to present a statement of cash flows;
- Disclosure of key management personnel compensation;
- The requirement of IAS 24 'Related Party Disclosures' to disclose related party transactions and balances between two or more members of a group;
- Comparative period reconciliations for the carrying amounts of property, plant and equipment and intangible assets;
- An additional Statement of Financial Position for the beginning of the earliest comparative period following transition to IFRS; and
- Disclosures required by IFRS 7 Financial Instrument Disclosures.

Where required equivalent disclosures are given in the Group accounts of Irwin Mitchell Holdings Limited. The Group accounts are available to the public and can be obtained as set out in note 20.

Subsidiary undertakings have not been consolidated by Ascent Performance Group Limited as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Irwin Mitchell Holdings Limited, whose financial statements may be obtained from the Registrar of Companies Registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.

b. Going concern

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence throughout the going concern period to September 2024. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

The company is a member of the Irwin Mitchell Holdings Limited group of companies ("the Group") whose ultimate parent entity is Irwin Mitchell Holdings Limited ("IMH"). The company benefits from Group support when needed. The going concern assessment has been completed at a Group level, in which the company is consolidated. The Directors of Ascent Performance Group Limited are satisfied that the company is able to continue as a going concern on this basis. In addition, the Directors have received confirmation that the parent, IMH, will provide support to the company throughout the going concern period, should it be required.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

1. Accounting policies (continued)

b. *Going concern (continued)*

The Group meets its day to day working capital requirements primarily through available cash and cash equivalent balances, which stand at £44.4m at April 2023. The Group also has access to a committed £50m combined revolving credit and overdraft facility ('RCF'), renewed in August 2022 and committed through to August 2026, neither of which have been drawn down at any point during the year. The Group also has an additional £25m accordion facility that can be requested for the use of M&A activity but is not included in subsequent headroom analysis. The ongoing availability of borrowing facilities is dependent upon continued compliance with associated banking covenants and compliance was maintained throughout the year, and is expected to be comfortably maintained through the going concern period.

The Group has good visibility over its revenue pipeline. On the basis that CPI cases typically take an average of around four years to work through to conclusion and final billing, and it is therefore anticipated that the vast majority of CPI income throughout the going concern period will arise from secured work. This forward income visibility gives management comfort over the availability of future income streams.

The Group's Financial Continuity Committee ('FCC') meet at least monthly to discuss latest cash flow projections extending out to at least 30 September 2024. The projections are developed, reviewed and updated regularly by senior management across the Group with Divisional CEOs. Group Company Directors and Group Services Directors are all

involved in forecasting and reviewing actual spend and trading pipelines. The most recent projections show the Group as remaining significantly profitable throughout the going concern period, and with significant headroom on available cash of least £44m throughout. This amount of headroom on availability facilities is considered to be adequate to enable the business to continue in operation and support growth plans for the going concern period to 30 September 2024.

Management have stress tested the base case SGP by modelling a severe downside scenario, which reduces revenue below that achieved in FY23, represented by a 10% reduction in budgeted revenue and cash collections (offset by corresponding impacts on corporation tax and bonus payments). This scenario is considered sufficiently unlikely on the basis that management has good visibility over the future income stream (particularly in CPI as noted above) and that the Group has demonstrated its resilience to short and medium term macro-economic instability through the COVID-19 pandemic and current macro-economic risks. The impact of the severe downside scenario, if unmitigated and when modelled throughout the going concern period, would likely result in a utilisation of the borrowing facilities but with liquidity headroom at all times exceeding £39m and sufficient headroom on all banking covenants. Management have therefore determined that only a very severe unmitigated reduction in trading performance would be required to remove all headroom on available facilities or covenant calculations.

The possibility is remote that conditions change to such a degree within the outlook period to see headroom on available facilities or covenant headroom be reduced to such a degree that mitigating actions would be required to fund ongoing operations, however, the Group has proven through its reaction to the COVID-19 pandemic that it is capable of reacting swiftly to changing circumstances in order to substantially manage costs during a prolonged period of uncertainty. During FY21, the Group achieved an estimated cost saving of £12m as a result of actions and decisions taken by the Financial Continuity Committee. Going forward, similar mitigating actions are available to the Group if required, in addition to others such as reducing spend on growth plans, should the highly unlikely need arise.

Based upon their assessment of the forecast described above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern period to 30 September 2024. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

c. *Intangible assets – goodwill*

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested at least annually for impairment or where indicators of impairment are present.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

1. Accounting policies (continued)

d. Intangible assets – software

Intangible fixed assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is provided on all intangible fixed assets on a straight line basis over the shorter of the expected useful life or the length of the associated licence. Amortisation is provided on the software so as to write off the cost over the expected useful economic life of 3 to 4 years, and is presented within Administrative expenses in the Statement of Comprehensive Income.

e. Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

1. Accounting policies (continued)

e. Financial instruments (continued)

- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

iii. Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

1. Accounting policies (continued)

f. Impairment of non-financial assets

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

f. Impairment of non-financial assets (continued)

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g. Taxation

Tax on the profit or loss 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 directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

1. Accounting policies (continued)

g. Taxation (continued)

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

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

h. Revenue

Under IFRS 15, revenue is recognised either over time or at a point in time. The model uses a contract based five-step analysis of transactions to determine when, and how much, revenue is recognised; this includes the matching of stand-alone process for services provided to the satisfaction of performance obligations. The company considers that there is one contract type in issue in the performance of the company's legal services, being non-contingent contracts.

Non-contingent fee arrangements

For non-contingent fee arrangements contracts with customers have a single performance obligation being the provision of financial asset services in respect of one particular matter.

Where work is performed under non-contingent fee arrangements revenue is recognised at point in time in line with the milestone or stage of completion reached as at the reporting date.

We are satisfied there is no significant financing component present in non-contingent fee arrangement contracts as such contracts are billed on a regular basis.

Recognition of contract assets and liabilities

The standard requires both contract assets and liabilities to be recognised. IFRS 15 requires that when an entity has an unconditional right to consideration then at this point the contract asset would become a trade receivable regardless of whether a bill has been issued. However, the company does not consider the right to be unconditional until the point of billing at which point the fee amount has been agreed and confirmed with the customer. Therefore, these unbilled amounts are recognised as contract assets as opposed to trade receivables. The company has also recognised a contract liability under the standard that represents the amount of income that has been invoiced in advance of the service being performed.

i. Interest receivable

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

j. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

1. Accounting policies (continued)

k. Foreign currency

Transactions in foreign currencies are translated to the company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

2. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements and key sources of estimation uncertainty in applying the company's accounting policies

The Directors do not consider there to be any critical judgements or key sources of estimation uncertainty arising from application of the company's accounting policies.

3. Revenue

During both the current and prior years, only one class of business was conducted. Of the bills raised in the year 0.1% and 0.5% (2022: 0.8% and 0%) were to European and USA customers respectively, with the remaining 99.3% (2022: 99.2%) being to customers within the United Kingdom.

An analysis of the company's revenue is as follows:

| | 2023 | 2022 |
|-----------------------|-----------|-----------|
| | £ | £ |
| Rendering of services | 6,687,885 | 9,950,811 |

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

3. Revenue (continued)

The geographical analysis of revenue is as follows:

| | 2023 £ | 2022 £ |
|----------------|------------------|------------------|
| United Kingdom | 6,641,993 | 9,871,204 |
| International | 45,892 | 79,607 |
| | <u>6,687,885</u> | <u>9,950,811</u> |

4. Operating (loss)/profit

| | 2023 £ | 2022 £ |
|--|-----------|---------------|
| This is stated after charging/(crediting): | | |
| Impairment of goodwill | - | 66,780 |
| Amortisation of software | - | 20,256 |
| | <u>-</u> | <u>87,036</u> |

5. Auditor's remuneration

Fees payable for the audit of the company's annual financial statements were £12,427 (2022: £11,000). There were no non-audit fees paid to the auditors in either year. No services were provided pursuant to contingent fee arrangements.

6. Staff numbers and costs

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

| | 2023 Number | 2022 Number |
|----------------------------|----------------|----------------|
| Administration and support | 30 | 24 |
| Sales | 75 | 149 |
| | <u>105</u> | <u>173</u> |

Their aggregate remuneration comprised:

| | 2023 £ | 2022 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 4,080,602 | 5,899,117 |
| Social security costs | 376,230 | 591,992 |
| Pension costs | 168,422 | 394,554 |
| | <u>4,625,254</u> | <u>6,885,663</u> |

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

7. Directors' remuneration and transactions

| | 2023 £ | 2022 £ |
|---|------------------------|------------------------|
| <i>Directors' remuneration</i> | | |
| Emoluments | 665,815 | 746,794 |
| Company contributions to money purchase pension schemes | 5,754 | 11,820 |
| | <u>671,569</u> | <u>758,614</u> |
| | <u>2023 Number</u> | <u>2022 Number</u> |
| The number of Directors who: | | |
| Are members of a money purchase pension scheme | 2 | 2 |
| | <u>2023 £</u> | <u>2022 £</u> |
| Remuneration of the highest paid director: | | |
| Emoluments | 487,362 | 428,344 |
| Company contributions to money purchase pension schemes | - | - |
| | <u>487,362</u> | <u>428,344</u> |

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

8. Interest receivable and similar income

| | 2023 £ | 2022 £ |
|--------------------------|-----------|-----------|
| Bank interest receivable | 184,530 | 5,715 |

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

9. Tax on (loss)

The tax charge comprises:

| | 2023 £ | 2022 £ |
|--|------------------|-----------------|
| Current tax on (loss) | | |
| UK corporation tax | (126,915) | (43,150) |
| Adjustment in respect of prior years | (10,074) | (1,482) |
| Total current tax | <u>(136,989)</u> | <u>(44,632)</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | - | (44,542) |
| Total deferred tax | <u>-</u> | <u>(44,542)</u> |
| Total tax on (loss) | <u>(136,989)</u> | <u>(89,174)</u> |

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

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| (Loss) before tax | <u>(672,679)</u> | <u>(647,685)</u> |
| Tax on loss at standard UK corporation tax rate of 19.49% (2022: 19%) | (131,126) | (123,060) |
| Effects of: | | |
| - Origination and reversal of timing differences | 1,661 | 8,996 |
| - Expenses not deductible for tax purposes | 2,550 | 8,012 |
| - Adjustments to tax charges in respect of previous periods | (10,074) | 16,878 |
| Total tax (credit) for year | <u>(136,989)</u> | <u>(89,174)</u> |

The UK corporation tax rate was 19% throughout the year.

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Deferred tax balances at the reporting date are therefore measured at 25% (2022: 25%).

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

10. Goodwill and other intangible assets

| | Note | Goodwill £ | Software £ | Total £ |
|--|------|------------------|---------------|------------------|
| At 1 May 2021 | | 1,232,641 | 99,398 | 1,332,039 |
| Disposals | | - | (35,893) | (35,893) |
| At 30 April 2022 | | <u>1,232,641</u> | <u>63,505</u> | <u>1,296,146</u> |
| At 1 May 2022 | | 1,232,641 | 63,505 | 1,296,146 |
| At 30 April 2023 | | <u>1,232,641</u> | <u>63,505</u> | <u>1,296,146</u> |
| Amortisation | | | | |
| At 1 May 2021 | | 1,165,861 | 63,941 | 1,229,802 |
| Charge for the year | | - | 20,256 | 20,256 |
| Impairment charge | | 66,780 | - | 66,780 |
| Eliminated on disposal | | - | (35,893) | (35,893) |
| At 30 April 2021 (as restated – note 21) | | <u>1,232,641</u> | <u>48,304</u> | <u>1,280,945</u> |
| At 1 May 2022 | | 1,232,641 | 48,304 | 1,280,945 |
| Charge for the year | | - | 12,876 | 12,876 |
| At 30 April 2023 | | <u>1,232,641</u> | <u>61,180</u> | <u>1,293,821</u> |
| Net book value | | | | |
| At 30 April 2022 | 21 | <u>-</u> | <u>15,201</u> | <u>15,201</u> |
| At 30 April 2023 | | <u>-</u> | <u>2,325</u> | <u>2,325</u> |

Goodwill arising from business combinations is not amortised but instead reviewed for impairment at least on an annual basis, or when there are other indications that goodwill could be impaired. Impairment reviews were performed as at each year end date. No impairments were recorded for the year ended 30 April 2023 (30 April 2022: £nil).

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

11. Fixed asset investments

Principal Group Investments

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

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

Subsidiary undertakings

| | £ |
|-----------------------|---------------|
| Cost | |
| At 1 May 2022 | 43,490 |
| At 30 April 2023 | <u>43,490</u> |
| Carrying value | |
| At 30 April 2023 | <u>43,490</u> |
| At 30 April 2022 | <u>43,490</u> |

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

12. Trade and other receivables

| | Note | 2023 £ | 2022 £ |
|--|------|------------------|------------------|
| Trade receivables | | 1,113,099 | 1,059,709 |
| Expected credit loss provision | | (30,051) | (15,608) |
| | | <u>1,083,048</u> | <u>1,044,101</u> |
| Unbilled disbursements (net of impairment and provision) | | 1,062,922 | 640,368 |
| Amounts owed by group companies | | 105,802 | 55,257 |
| Corporation tax | | 143,125 | 66,884 |
| Other debtors | | 1,318 | 1,554 |
| Amount owed by an associate | | 25,195 | 8,487 |
| Prepayments | | 35,706 | 27,402 |
| Contract assets | | 1,106,122 | 843,742 |
| | | <u>3,563,238</u> | <u>2,687,795</u> |

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

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

12. Trade and other receivables (continued)

| | 2023 | 2022 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Brought forward provision | 15,608 | 18,500 |
| Movements in year | 14,443 | (2,892) |
| Carried forward provision | <u>30,051</u> | <u>15,608</u> |

The company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ('ECL'). The company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. As the company's historical credit loss experience does not show significantly different loss patterns for different client segments, the provision for loss allowance is based on past due status.

Provisions against trade receivables

The ageing of trade receivables (by reference to ultimate due date) and provision for impairment at the reporting date was:

| | 2023 | 2022 |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Trade receivables not past due | 656,049 | 519,708 |
| <i>Trade receivables past due</i> | | |
| 0-60 days past due | 264,744 | 361,619 |
| 61-150 days past due | 129,820 | 126,478 |
| More than 151 days past due | 62,486 | 51,904 |
| Total receivables before impairment | <u>1,113,099</u> | <u>1,059,709</u> |

13. Trade and other payables

| | 2023 | 2022 |
|---------------------------------|------------------|------------------|
| | £ | £ |
| Trade payables | 89,428 | 48,385 |
| Amounts owed to group companies | 581,509 | 561,300 |
| Accruals | 514,594 | 464,075 |
| | <u>1,185,531</u> | <u>1,073,760</u> |

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

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

14. Called-up share capital and reserves

| | 2023 | 2022 |
|--|------|------|
| | £ | £ |
| Authorised, allotted, called-up and fully-paid 100 ordinary shares of £1 each | 100 | 100 |

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

The company's other reserves are as follows:

The Statement of Comprehensive Income represents cumulative profit and losses net of any dividends paid and other adjustments.

15. Employee benefits

The company operates a defined contribution retirement benefit scheme for all qualifying employees. The total expense charged to the Statement of Comprehensive Income in the year was £168,422 (2022: £394,554).

16. Commitments and contingent liabilities

The company has no commitments or contingent liabilities at the year end (2022: none).

17. Related party transactions

Other related party transactions

Amounts owed by related parties at the reporting date were £71,939 (2022: £55,257) and amounts owed to related parties were £581,809 (2022: £561,300). These amounts all relate to trading balances. In addition, amounts owed to related party in relation to short term loans amounted to £nil (2022: £nil).

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

The company has taken advantage of the exemption available in FRS 101 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group, which would otherwise be required by IAS 24 'Related party disclosures'. The transactions with related parties were as follows:

| | £ |
|---|-------------|
| Amount owed to Irwin Mitchell LLP by the company at 30 April 2022 | (561,300) |
| Expenses paid by Irwin Mitchell LLP on behalf of the company | (6,791,058) |
| Invoices raised by Irwin Mitchell LLP to the company | (1,299,231) |
| Income received by Irwin Mitchell LLP on behalf of the company | (13,769) |
| Payments made to Irwin Mitchell LLP by the company | 8,056,311 |
| Amount owed to Irwin Mitchell LLP by the company at 30 April 2023 | (581,509) |

Ascent Performance Group Limited

Notes to the financial statements

For the year ended 30 April 2023

17. Related party transactions (continued)

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

| | £ |
|--|-------------|
| Amount owed by IMe Law Limited to the company at 30 April 2022 | 8,875 |
| Invoices raised by IMe Law Limited to the company | 54,380 |
| Income received by IMe Law Limited on behalf of the company | (3,442) |
| Payments made to IMe Law Limited by the company | (59,567) |
| | <hr/> |
| Amount owed by IMe Law Limited to the company at 30 April 2023 | 247 |
| | <hr/> <hr/> |

| | £ |
|--|-------------|
| Amount owed by Excel Collection and Enquiry Services Limited to the company at 30 April 2022 | 46,382 |
| Expenses incurred by the Company on behalf of Excel Collection and Enquiry Services Limited | 116 |
| | <hr/> |
| Amount owed by Excel Collection and Enquiry Services Limited to the company at 30 April 2023 | 46,498 |
| | <hr/> <hr/> |

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

| | £ |
|--|-------------|
| Amount owed to Irwin Mitchell Scotland LLP by the company at 30 April 2022 | 8,487 |
| Expenses paid by Irwin Mitchell Scotland LLP on behalf of the company | (1,610) |
| Income received by Irwin Mitchell Scotland LLP on behalf of the company | (123,679) |
| Invoices raised by Irwin Mitchell Scotland LLP to the company | 160,958 |
| Payments made to Irwin Mitchell Scotland LLP by the company | (18,962) |
| | <hr/> |
| Amount owed by Irwin Mitchell Scotland LLP to the company at 30 April 2023 | 25,195 |
| | <hr/> <hr/> |

18. Controlling party

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

The only group in which the results of the company are consolidated is that headed by Irwin Mitchell Holdings Limited whose registered office is 26 New Street, St. Helier, Jersey, JE2 3RA.