

Advantage Commercial Finance Limited

Annual Report and Financial Statements
for the Period from 1 July 2020 to 31 December 2021

Landmark Audit Limited
Chartered Accountants and Statutory Auditors
Leavesden Park
5 Hercules Way
Watford
Hertfordshire
WD25 7GS

Advantage Commercial Finance Limited

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Advantage Commercial Finance Limited

Company Information

Directors	N Errington D J Cottenden A K Taylor D J Tilling J S McDonald C Neely
Company secretary	Speafi Secretarial Limited
Registered office	1 London Street Reading Berkshire RG1 4PN
Auditors	Landmark Audit Limited Chartered Accountants and Statutory Auditors Leavesden Park 5 Hercules Way Watford Hertfordshire WD25 7GS

Advantage Commercial Finance Limited

Strategic Report for the Period from 1 July 2020 to 31 December 2021

The directors present their strategic report for the period from 1 July 2020 to 31 December 2021.

Principal activity

The principal activity of the company is to provide a wide range of invoice finance services to small and medium sized businesses.

The company is a subsidiary of Hamsard 3415 Ltd, which in turn is a subsidiary of Hamsard 3414 Ltd. On 27th November 2020, eCapital Commercial Finance Holdings UK Limited acquired a majority stake in Hamsard 3414 Ltd.

Fair review of the business

The Directors are pleased to report that there has been another successful period for the group demonstrating strong growth during the period. The business has continued to increase turnover and profit accompanied by an appropriate strengthening of the operation team and systems.

Group mission

The company mission is to build a great company with great people and great results.

Outlook

The impact of the covid 19 pandemic was significant during the first half of the period with the spring and winter lockdowns, where we saw a drop in our core advances to clients of 40% with the consequent impact on the interest margin earned. Core service income remained strong, and we were pleased to see the resilience in the portfolio. The remainder of the period delivered strong demand for our services, with advances growing steadily and exceeding our pre - pandemic business forecast, while increasing our client numbers over the period.

Our business model and portfolios have proved robust through this extraordinary economic event with revenues remaining strong and client and staff retention positive. Key KPI's have remained stable, and we anticipate that business performance will be further positively affected by the revival in the overall economic activity following easing of restrictions globally. That said, the business and its products traditionally perform well through economic cycles, and we remain confident in our business model, and the expertise and experience of our colleagues and teams.

Our relationship with the Natwest Group remains strong. In December 2021 we secured an extension of our syndicated banking facilities with Natwest Group and Lloyds Bank Commercial Finance, raising our facility to £120m. We are optimistic that we will gain a third syndication partner to finalise facilities at £160m to support our 3-period business plan.

In November 2020 eCapital Finance Corp, a leading alternative finance provider based in North America acquired 80% of the controlling shares in the company. eCapital provide solutions to SME's throughout USA and Canada with in excess of £1bn funds under management. The acquisition will enable the company to deliver on its business plan while building on a suite of speciality lending solutions, utilising propriety, and scalable technology to support the core mission: empower companies by accelerating their access to capital.

The directors feel that the company has strengthened in all aspects during the period including the unbroken stance on building reserves. We remain confident of continued development in the current period.

Advantage Commercial Finance Limited

Strategic Report for the Period from 1 July 2020 to 31 December 2021

Principal risks and uncertainties

Land and Buildings

In the opinion of the directors, the market value of land and buildings is not substantially different to the balance sheet value.

Company's policy for payment of creditors

The company pays all invoices in the month they are received unless the supplier offers fixed instalment settlement.

Currency risk

The company operates solely in the UK but has some clients who have foreign currency invoices. The company therefore has a need to have foreign currency bank accounts. The company does not currently hedge such foreign currency cash flows and as a consequence is exposed through fluctuations in foreign exchange rates.

Approved and authorised by the Board on 24 March 2022 and signed on its behalf by:

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A K Taylor

Director

Advantage Commercial Finance Limited

Directors' Report for the Period from 1 July 2020 to 31 December 2021

The directors present their report and the financial statements for the period from 1 July 2020 to 31 December 2021.

Director of the company

The directors who held office during the period were as follows:

N Errington

D J Cottenden

A K Taylor

G V Blackburn (ceased 27 November 2020)

D J Tilling

J S McDonald (appointed 27 November 2020)

C Neely (appointed 27 November 2020)

Financial instruments

Objectives and policies

Environment

The company's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements and new ways of multi-functional working. Employees' performance is aligned to our goals through a performance review process that is carried out with all employees.

Price risk, credit risk, liquidity risk and cash flow risk

Credit risk

The company has a strict credit approval policy which is applied to all clients to minimise the risk of bad debts. All clients have a detailed contract to reduce the exposure of the company to credit risk.

Interest rate risk

The company uses financial instruments to facilitate onward lending which are subject to variable interest rates. The company minimises interest rate risk by passing on any increased rate costs to customers in accordance with their factoring agreement.

Statement of directors' responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

Advantage Commercial Finance Limited

Directors' Report for the Period from 1 July 2020 to 31 December 2021

- 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.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors Landmark Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved and authorised by the Board on 24 March 2022 and signed on its behalf by:

.....

A K Taylor

Director

Advantage Commercial Finance Limited

Independent Auditor's Report to the Members of Advantage Commercial Finance Limited

Opinion

We have audited the financial statements of Advantage Commercial Finance Limited (the 'company') for the period from 1 July 2020 to 31 December 2021, which comprise the Profit and Loss Account and Statement of Retained Earnings, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the period 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 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 director's 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 original financial statements were 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 included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Advantage Commercial Finance Limited

Independent Auditor's Report to the Members of Advantage Commercial Finance Limited

Opinion on other matter 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 Directors' Report for the financial period 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 our 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 and the Directors' Report.

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 4], 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 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.

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

Advantage Commercial Finance Limited

Independent Auditor's Report to the Members of Advantage Commercial Finance Limited

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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Independent Auditor's Report to the Members of Advantage Commercial Finance Limited

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.

.....

Philip Cole FCA (Senior Statutory Auditor)

For and on behalf of Landmark Audit Limited

Chartered Accountants

Statutory Auditors

Leavesden Park

5 Hercules Way

Watford

Hertfordshire

WD25 7GS

24 March 2022

Advantage Commercial Finance Limited

Profit and Loss Account and Statement of Retained Earnings for the Period from 1 July 2020 to 31 December 2021

	Note	2021 £	2020 £
Turnover	<u>3</u>	17,341,802	9,916,495
Administrative expenses		(12,917,825)	(6,766,792)
Other operating income	<u>4</u>	1,341,369	28,849
Operating profit	<u>6</u>	5,765,346	3,178,552
Other interest receivable and similar income	<u>7</u>	-	126
Interest payable and similar charges	<u>8</u>	(1,055,572)	(753,108)
		(1,055,572)	(752,982)
Profit before tax		4,709,774	2,425,570
Taxation	<u>12</u>	(917,748)	(484,932)
Profit for the financial period		3,792,026	1,940,638
Retained earnings brought forward		12,837,563	10,896,925
Dividends paid		(2,991,325)	-
Retained earnings carried forward		13,638,264	12,837,563

Advantage Commercial Finance Limited

(Registration number: 04206708)
Balance Sheet as at 31 December 2021

	Note	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	<u>13</u>		262,500		300,000
Tangible assets	<u>14</u>		399,110		418,173
Investments	<u>15</u>		<u>1</u>		<u>1</u>
			661,611		718,174
Current assets					
Debtors	<u>16</u>	70,401,016		30,920,121	
Cash at bank and in hand	<u>17</u>	<u>544,544</u>		<u>58,685</u>	
		70,945,560		30,978,806	
Creditors: Amounts falling due within one year	<u>18</u>	<u>(57,908,907)</u>		<u>(18,799,417)</u>	
Net current assets			<u>13,036,653</u>		<u>12,179,389</u>
Net assets			<u>13,698,264</u>		<u>12,897,563</u>
Capital and reserves					
Called up share capital	<u>20</u>	60,000		60,000	
Profit and loss account		<u>13,638,264</u>		<u>12,837,563</u>	
Total equity			<u>13,698,264</u>		<u>12,897,563</u>

Approved and authorised by the Board on 24 March 2022 and signed on its behalf by:

.....
A K Taylor
Director

Advantagedge Commercial Finance Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

1 London Street
Reading
Berkshire
RG1 4PN
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentational currency of these accounts is pound sterling. The level of rounding is to the nearest one pound.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and the entity will comply with the conditions attached to them.

Foreign currency transactions and balances

In preparing the financial statements, transactions in currencies other than the functional currency are recognised at the spot rate at the dates of transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Advantage Commercial Finance Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

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

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	10 to 50 years straight line
Furniture, fittings and equipment	5 years straight line
Motor vehicles	4 years straight line

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10 years straight line

Advantage Commercial Finance Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Advantage Commercial Finance Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments.

Recognition and measurement

Basic financial instruments are recognised at amortised cost.

FRS 102

As the consolidated financial statements of eCapital Commercial Finance Holdings UK Ltd, the ultimate parent company, are prepared according to the full recognition, measurement and disclosure requirements of FRS 102 and therefore include equivalent disclosures, the Company has taken the available exemptions under FRS 102 in respect of the following areas:

- Disclosures relating to the requirements of Section 7 Statement of Cash Flows;
- The disclosure requirements of Section 11 and Section 12, where disclosures equivalent to those required by FRS 102 are included in the consolidated financial statements of the Group; and
- Disclosure requirements of Section 33 Related Party Disclosures, regarding disclosure of related party transactions between wholly owned members of the same Group.

3 Revenue

The analysis of the company's revenue for the period from continuing operations is as follows:

	1 July 2020 to 31 December 2021	Year ended 30 June 2020
	£	£
Rendering of services	17,341,802	9,916,495

4 Other operating income

The analysis of the company's other operating income for the period is as follows:

	2021	2020
	£	£
Government grants	101,102	28,849
Miscellaneous other operating income	1,240,267	-
	1,341,369	28,849

Advantage Commercial Finance Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

5 Other gains and losses

The analysis of the company's other gains and losses for the period is as follows:

	2021 £	2020 £
Gain on disposal of property, plant and equipment	17,155	-

6 Operating profit

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	65,078	61,885
Amortisation expense	37,500	32,500
Profit on disposal of property, plant and equipment	(17,155)	-

7 Other interest receivable and similar income

	2021 £	2020 £
Other finance income	-	126

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and borrowings	1,015,342	776,128
Interest expense on other finance liabilities	174	1,213
Foreign exchange gains/(losses)	40,056	(24,233)
	1,055,572	753,108

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £	2020 £
Wages and salaries	5,791,597	3,140,392
Social security costs	699,381	357,264
Pension costs, defined contribution scheme	322,899	190,619
Other employee expense	368,658	273,329
	7,182,535	3,961,604

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

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Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

	2021	2020
	No.	No.
Administration and support	74	70
	<u>74</u>	<u>70</u>

10 Directors' remuneration

The directors' remuneration for the period was as follows:

	2021	2020
	£	£
Remuneration	838,015	360,067
Contributions paid to money purchase schemes	38,260	27,463
	<u>876,275</u>	<u>387,530</u>

During the period the number of directors who were receiving benefits and share incentives was as follows:

	2021	2020
	No.	No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

11 Auditors' remuneration

	2021	2020
	£	£
Audit of the financial statements	<u>40,000</u>	<u>25,000</u>
Other fees to auditors		
Taxation compliance services	3,000	1,500
All other assurance services	<u>21,253</u>	<u>1,547</u>
	<u>24,253</u>	<u>3,047</u>

12 Taxation

Tax charged/(credited) in the income statement

	2021	2020
	£	£
Current taxation		
UK corporation tax	<u>917,748</u>	<u>484,932</u>

Advantage Commercial Finance Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	4,709,774	2,425,570
Corporation tax at standard rate	894,857	460,858
Effect of expense not deductible in determining taxable profit (tax loss)	10,129	9,958
Tax increase from effect of capital allowances and depreciation	8,215	12,101
Tax increase from changes in pension fund prepayment	4,547	2,015
Total tax charge	917,748	484,932

13 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 July 2020	375,000	375,000
At 31 December 2021	375,000	375,000
Amortisation		
At 1 July 2020	75,000	75,000
Amortisation charge	37,500	37,500
At 31 December 2021	112,500	112,500
Carrying amount		
At 31 December 2021	262,500	262,500
At 30 June 2020	300,000	300,000

Advantage Commercial Finance Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

14 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 July 2020	511,556	137,130	36,000	684,686
Additions	-	46,016	-	46,016
Disposals	(91,835)	(8,522)	(36,000)	(136,357)
At 31 December 2021	419,721	174,624	-	594,345
Depreciation				
At 1 July 2020	169,894	60,619	36,000	266,513
Charge for the period	19,426	45,652	-	65,078
Eliminated on disposal	(91,835)	(8,521)	(36,000)	(136,356)
At 31 December 2021	97,485	97,750	-	195,235
Carrying amount				
At 31 December 2021	322,236	76,874	-	399,110
At 30 June 2020	341,662	76,511	-	418,173

Included within the net book value of land and buildings above is £322,236 (2020 - £341,662) in respect of freehold land and buildings.

15 Investments

	2021 £	2020 £
Investments in subsidiaries	1	1
Subsidiaries		£
Cost or valuation		
At 1 July 2020		1
Carrying amount		
At 31 December 2021		1
At 30 June 2020		1

Advantage Commercial Finance Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

16 Debtors

	2021 £	2020 £
Trade debtors	66,631,091	27,298,137
Amounts owed by group undertakings and undertakings in which the company has a participating interest	3,374,418	3,157,769
Other debtors	7,700	3,850
Prepayments	387,807	460,365
	70,401,016	30,920,121

17 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	544,544	58,685
Bank overdrafts	-	(387,521)
Cash and cash equivalents in statement of cash flows	544,544	(328,836)

18 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	<u>21</u>	53,556,378	17,019,023
Trade creditors		116,028	194,458
Amounts owed to group undertakings and undertakings in which the company has a participating interest	<u>23</u>	1,714,706	-
Social security and other taxes		572,216	361,250
Other payables		-	8
Accruals		1,812,653	1,080,239
Income tax liability	<u>12</u>	136,926	144,439
		57,908,907	18,799,417

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £322,899 (2020 - £190,619).

Advantage Commercial Finance Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

20 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	60,000	60,000	60,000	60,000

21 Loans and borrowings

	2021	2020
	£	£
Current loans and borrowings		
Bank borrowings	53,556,378	16,631,502
Bank overdrafts	-	387,521
	<u>53,556,378</u>	<u>17,019,023</u>

The bank facility is secured by a fixed and floating charge over all current and future assets of the company. The commercial mortgage is secured on the company's freehold property.

22 Commitments

Other financial commitments

The total amount of other financial commitments not provided in the financial statements was £36,667 (2020 - £85,916).

23 Related party transactions

Expenditure with and payables to related parties

2021	Parent
	£
Amounts payable to related party	<u>197,690</u>

Advantage Commercial Finance Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

24 Parent and ultimate parent undertaking

eCapital Commercial Finance Holdings UK Limited is the parent that produces consolidated financial statements, where these financial statements are consolidated. These are available from:

1 London Street

Reading

Berkshire

RG1 4PN

The company's immediate parent is Hamsard 3415 Limited, incorporated in England and Wales.

The ultimate parent is eCapital Finance Corp, incorporated in United States of America.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.