

eCapital Commercial Finance Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2022

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

eCapital Commercial Finance Limited

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eCapital 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

eCapital Commercial Finance Limited

Strategic Report for the Year Ended 31 December 2022

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

Principal activity

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

Fair review of the business

The business, for 20 years, has provided robust, dependable and flexible financial solutions to SME's differentiating our service and product suite through a commitment to a traditional relationship model, and by remaining close to our customer, in everything we do.

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

The Directors are pleased to report that there has been another successful year for the group demonstrating strong growth during the year through our all five operating offices through the UK .

Our trading performance has been strong with the business demonstrating solid growth. We have continued to increase our client base, our turnover, and profits accompanied by an appropriate strengthening of the operation team and systems.

Group mission

We continue in our ambition to become a leading independent provider of working capital solutions too small to medium size business.

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

We continue to build on our unique operating model that enables our teams to remain close to our clients in respect to both service and risk management. We differentiate through our people and our relationships with both our clients and our intermediaries; but alongside this we are actively investing and developing best in class technology led service solutions, to better serve our market.

eCapital Commercial Finance Limited

Strategic Report for the Year Ended 31 December 2022

Outlook

The Board remains confident in its outlook for the year ahead and over the next three years as we deliver our 3-year plan. We continue to invest in our operating model and a culture that drives and supports exceptional results and commitment from the team. We will augment this with investment in service led technology innovation that will provide both new product opportunities for our clients while providing operating efficiencies for the business as it grows ; enabling the teams to focus on personalised and cost effective client management.

Our business model and portfolios have proved robust through the last few difficult trading years with revenues remaining strong and client and staff retention positive. Key KPI's have remained positive. We anticipate a challenging economy and trading environment in 2023 but remain confident that we remain agile to take advantage of the opportunities that brings.

Our relationship with our funding syndicate remains strong. In April 2022 we secured and extension of our syndicated banking facilities with NatWest Group, Lloyds Bank Commercial Finance, and HSBC joined the syndication, raising our facility to £140m, with a further accordion to £160m. We are confident that this will support our 3-year business plan.

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

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 12 April 2023 and signed on its behalf by:

.....

A K Taylor

Director

eCapital Commercial Finance Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors of the company

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

N Errington

D J Cottenden

A K Taylor

D J Tilling

J S McDonald

C Neely

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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

eCapital Commercial Finance Limited

Directors' Report for the Year Ended 31 December 2022

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 12 April 2023 and signed on its behalf by:

.....

A K Taylor

Director

eCapital Commercial Finance Limited

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

Opinion

We have audited the financial statements of eCapital Commercial Finance Limited (the 'company') for the year ended 31 December 2022, 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

eCapital Commercial Finance Limited

Independent Auditor's Report to the Members of eCapital 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 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 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:

eCapital Commercial Finance Limited

Independent Auditor's Report to the Members of eCapital 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.

eCapital Commercial Finance Limited

Independent Auditor's Report to the Members of eCapital 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

12 April 2023

eCapital Commercial Finance Limited

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	<u>3</u>	19,691,189	17,341,802
Administrative expenses		(12,092,278)	(12,917,825)
Other operating income	<u>4</u>	1,028,657	1,341,369
Operating profit	<u>6</u>	8,627,568	5,765,346
Other interest receivable and similar income	<u>7</u>	218	-
Interest payable and similar charges	<u>8</u>	(2,184,976)	(1,055,572)
		<u>(2,184,758)</u>	<u>(1,055,572)</u>
Profit before tax		6,442,810	4,709,774
Taxation	<u>12</u>	(1,246,685)	(917,748)
Profit for the financial year		5,196,125	3,792,026
Retained earnings brought forward		13,638,264	12,837,563
Dividends paid		<u>(2,014,007)</u>	<u>(2,991,325)</u>
Retained earnings carried forward		<u>16,820,382</u>	<u>13,638,264</u>

eCapital Commercial Finance Limited

(Registration number: 04206708)

Balance Sheet as at 31 December 2022

	Note	2022		2021	
		£	£	£	£
Fixed assets					
Intangible assets	<u>13</u>		225,000		262,500
Tangible assets	<u>14</u>		390,899		399,110
Investments	<u>15</u>		<u>1</u>		<u>1</u>
			615,900		661,611
Current assets					
Debtors	<u>16</u>	88,729,272		70,401,016	
Cash at bank and in hand	<u>17</u>	<u>167,936</u>		<u>544,544</u>	
		88,897,208		70,945,560	
Creditors: Amounts falling due within one year	<u>18</u>	<u>(72,632,726)</u>		<u>(57,908,907)</u>	
Net current assets			<u>16,264,482</u>		<u>13,036,653</u>
Net assets			<u>16,880,382</u>		<u>13,698,264</u>
Capital and reserves					
Called up share capital	<u>20</u>	60,000		60,000	
Profit and loss account		<u>16,820,382</u>		<u>13,638,264</u>	
Total equity			<u>16,880,382</u>		<u>13,698,264</u>

Approved and authorised by the Board on 12 April 2023 and signed on its behalf by:

.....
A K Taylor
Director

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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
England

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 United Kingdom and Republic of Ireland and the Companies Act 2006'.

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.

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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.

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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 Turnover

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

	Year ended 31 December 2022	1 July 2020 to 31 December 2021
	£	£
Rendering of services	19,691,189	17,341,802

4 Other operating income

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

	2022	2021
	£	£
Government grants	-	101,102
Miscellaneous other operating income	1,028,657	1,240,267
	1,028,657	1,341,369

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

5 Other gains and losses

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

	2022	2021
	£	£
Gain on disposal of Tangible assets	3,320	17,155

6 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	39,829	65,078
Amortisation expense	37,500	37,500
Profit on disposal of property, plant and equipment	(3,320)	(17,155)

7 Other interest receivable and similar income

	2022	2021
	£	£
Other finance income	218	-

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and borrowings	2,064,958	1,015,342
Interest expense on other finance liabilities	-	174
Foreign exchange gains	120,018	40,056
	2,184,976	1,055,572

9 Staff costs

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

	2022	2021
	£	£
Wages and salaries	4,598,650	5,791,597
Social security costs	467,213	699,381
Pension costs, defined contribution scheme	274,270	322,899
Other employee expense	258,813	368,658
	5,598,946	7,182,535

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

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

	2022 No.	2021 No.
Administration and support	85	74
	<u>85</u>	<u>74</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	592,730	859,178
Contributions paid to money purchase schemes	38,680	38,260
	<u>631,410</u>	<u>897,438</u>

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

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	3	3

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	279,311	346,130
Company contributions to money purchase pension schemes	15,085	21,929

11 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	30,000	40,000
Other fees to auditors		
Taxation compliance services	4,000	3,000
All other assurance services	17,000	21,253
	<u>21,000</u>	<u>24,253</u>

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

12 Taxation

Tax charged/(credited) in the profit and loss account

	2022 £	2021 £
Current taxation		
UK corporation tax	1,246,353	917,748
UK corporation tax adjustment to prior periods	332	-
	<u>1,246,685</u>	<u>917,748</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>6,442,810</u>	<u>4,709,774</u>
Corporation tax at standard rate	1,224,134	894,857
Effect of expense not deductible in determining taxable profit (tax loss)	7,231	10,129
Increase in UK and foreign current tax from adjustment for prior periods	332	-
Tax increase from effect of capital allowances and depreciation	8,724	8,215
Tax increase from changes in pension fund prepayment	<u>6,264</u>	<u>4,547</u>
Total tax charge	<u>1,246,685</u>	<u>917,748</u>

13 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 January 2022	<u>375,000</u>	<u>375,000</u>
At 31 December 2022	<u>375,000</u>	<u>375,000</u>
Amortisation		
At 1 January 2022	112,500	112,500
Amortisation charge	<u>37,500</u>	<u>37,500</u>
At 31 December 2022	<u>150,000</u>	<u>150,000</u>
Carrying amount		
At 31 December 2022	<u>225,000</u>	<u>225,000</u>
At 31 December 2021	<u>262,500</u>	<u>262,500</u>

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

14 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2022	419,721	174,624	594,345
Additions	11,000	20,618	31,618
Disposals	(22,416)	(10,604)	(33,020)
At 31 December 2022	408,305	184,638	592,943
Depreciation			
At 1 January 2022	97,485	97,750	195,235
Charge for the year	9,761	30,068	39,829
Eliminated on disposal	(22,416)	(10,604)	(33,020)
At 31 December 2022	84,830	117,214	202,044
Carrying amount			
At 31 December 2022	323,475	67,424	390,899
At 31 December 2021	322,236	76,874	399,110

Included within the net book value of land and buildings above is £313,208 (2021 - £322,236) in respect of freehold land and buildings and £10,267 (2021 - £Nil) in respect of short leasehold land and buildings.

15 Investments

	2022 £	2021 £
Investments in subsidiaries	1	1
Subsidiaries		£
Cost or valuation		
At 1 January 2022		1
Carrying amount		
At 31 December 2022		1
At 31 December 2021		1

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

16 Debtors

		2022	2021
Current	Note	£	£
Trade debtors		87,010,622	66,631,091
Amounts owed by related parties	<u>23</u>	1,337,096	3,374,418
Other debtors		9,700	7,700
Prepayments		371,854	387,807
		<u>88,729,272</u>	<u>70,401,016</u>

17 Cash and cash equivalents

	2022	2021
	£	£
Cash at bank	<u>167,936</u>	<u>544,544</u>

18 Creditors

		2022	2021
	Note	£	£
Due within one year			
Loans and borrowings	<u>21</u>	66,684,589	53,556,378
Trade creditors		7,931	116,028
Amounts owed to group undertakings and undertakings in which the company has a participating interest	<u>23</u>	1,792,513	1,714,706
Social security and other taxes		667,088	572,216
Accruals		2,892,285	1,812,653
Income tax liability	<u>12</u>	588,320	136,926
		<u>72,632,726</u>	<u>57,908,907</u>

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £274,270 (2021 - £322,899).

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

20 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	60,000	60,000	60,000	60,000

21 Loans and borrowings

	2022	2021
	£	£
Current loans and borrowings		
Bank borrowings	66,684,589	53,556,378

The bank facility is secured by a fixed and floating charge over all current and future assets of the company.

22 Commitments

Pension commitments

Commitments provided for in the accounts amounted to £78,782 (2021 - £45,813).

Other financial commitments

The total amount of other financial commitments not provided in the financial statements was £1,109,826 (2021 - £36,667).

23 Related party transactions

Expenditure with and payables to related parties

	Parent
2022	£
Amounts payable to related party	459,144
2021	Parent
	£
Amounts payable to related party	210,915

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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 eCapital 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.