

eCapital Commercial Finance Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2023

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	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 2023

The directors present their strategic report for the year ended 31 December 2023.

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 in turn is a subsidiary of eCapital 3414 Ltd. On 27th November 2020, eCapital Commercial Finance Holdings UK Limited acquired a majority stake in 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 throughout all five operating offices in the UK.

The company's 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 to small and medium size business.

The company's 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 and improve efficiency.

eCapital Commercial Finance Limited

Strategic Report for the Year Ended 31 December 2023

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 to 2026. 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 continue to prove robust with our risk and collateral management strong. Key KPI's have been met and remain positive. We anticipate a challenging economy and a somewhat benign trading environment in 2024 with the increase in interest rates, but we remain confident and agile to execute on our plan.

The relationship with our funding syndicate remains strong. In April 2022 we secured an 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.

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.

Approved and authorised by the Board on 30 April 2024 and signed on its behalf by:

.....

A K Taylor

Director

eCapital Commercial Finance Limited

Directors' Report for the Year Ended 31 December 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

Directors of the company

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

N Errington (ceased 15 April 2024)

D J Cottenden

A K Taylor

D J Tilling

J S McDonald

C Neely

Results and dividends

The profit for the year after tax, amounted to £8,397,722 (2022: £5,196,125).

The company has paid dividends of £1,485,500 (2022: £2,014,007) during the year.

Political and charitable donations

The company did not make any political charitable donations within the year.

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.

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.

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.

eCapital Commercial Finance Limited

Directors' Report for the Year Ended 31 December 2023

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 30 April 2024 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 2023, 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 2023 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

30 April 2024

eCapital Commercial Finance Limited

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 31 December 2023

	Note	2023 £	2022 £
Turnover	<u>3</u>	25,446,998	19,691,189
Administrative expenses		(11,686,276)	(12,092,278)
Other operating income	<u>4</u>	1,261,284	1,028,657
Operating profit	<u>5</u>	15,022,006	8,627,568
Other interest receivable and similar income	<u>6</u>	6,548	218
Interest payable and similar charges	<u>7</u>	(4,033,190)	(2,184,976)
		(4,026,642)	(2,184,758)
Profit before tax		10,995,364	6,442,810
Taxation	<u>11</u>	(2,597,642)	(1,246,685)
Profit for the financial year		8,397,722	5,196,125
Retained earnings brought forward		16,820,382	13,638,264
Dividends paid		(1,485,500)	(2,014,007)
Retained earnings carried forward		23,732,604	16,820,382

eCapital Commercial Finance Limited

(Registration number: 04206708)

Balance Sheet as at 31 December 2023

	Note	2023		2022	
		£	£	£	£
Fixed assets					
Intangible assets	<u>12</u>		187,500		225,000
Tangible assets	<u>13</u>		65,979		390,899
Investments	<u>14</u>		<u>1</u>		<u>1</u>
			253,480		615,900
Current assets					
Debtors	<u>15</u>	93,775,777		88,729,272	
Cash at bank and in hand	<u>16</u>	<u>295,024</u>		<u>167,936</u>	
		94,070,801		88,897,208	
Creditors: Amounts falling due within one year	<u>17</u>	<u>(70,531,677)</u>		<u>(72,632,726)</u>	
Net current assets			<u>23,539,124</u>		<u>16,264,482</u>
Net assets			<u><u>23,792,604</u></u>		<u><u>16,880,382</u></u>
Capital and reserves					
Called up share capital		60,000		60,000	
Retained earnings		<u>23,732,604</u>		<u>16,820,382</u>	
Shareholders' funds			<u><u>23,792,604</u></u>		<u><u>16,880,382</u></u>

Approved and authorised by the Board on 30 April 2024 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 2023

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.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

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.

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

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 2023

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development the asset is tested for impairment annually.

Pure and applied research expenditure may not be capitalised and should be written off in the year of expenditure through the profit and loss account.

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.

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

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.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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.

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.

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

3 Turnover

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

	2023	2022
	£	£
Rendering of services	25,446,998	19,691,189

4 Other operating income

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

	2023	2022
	£	£
Miscellaneous other operating income	1,261,284	1,028,657

5 Operating profit

Arrived at after charging/(crediting)

	2023	2022
	£	£
Depreciation expense	43,151	39,829
Amortisation expense	37,500	37,500
Profit on disposal of property, plant and equipment	(102,621)	(3,320)

6 Other interest receivable and similar income

	2023	2022
	£	£
Other finance income	6,548	218

7 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and borrowings	4,049,286	2,064,958
Interest expense on other finance liabilities	23,703	-
Foreign exchange (losses)/gains	(39,799)	120,018
	4,033,190	2,184,976

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

8 Staff costs

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

	2023 £	2022 £
Wages and salaries	5,763,793	4,598,650
Social security costs	558,663	467,213
Pension costs, defined contribution scheme	291,745	274,270
Other employee expense	121,939	258,813
	<u>6,736,140</u>	<u>5,598,946</u>

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

	2023 No.	2022 No.
Administration and support	102	85
	<u>102</u>	<u>85</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023 £	2022 £
Remuneration	532,968	592,730
Contributions paid to money purchase schemes	21,903	38,680
	<u>554,871</u>	<u>631,410</u>

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

	2023 No.	2022 No.
Accruing benefits under money purchase pension scheme	3	3

In respect of the highest paid director:

	2023 £	2022 £
Remuneration	336,650	279,311
Company contributions to money purchase pension schemes	14,763	15,085

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

10 Auditors' remuneration

	2023 £	2022 £
Audit of the financial statements	28,000	30,000
Other fees to auditors		
Taxation compliance services	3,000	4,000
All other assurance services	741	17,000
	3,741	21,000

11 Taxation

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

	2023 £	2022 £
Current taxation		
UK corporation tax	2,600,321	1,246,353
UK corporation tax adjustment to prior periods	(2,679)	332
	2,597,642	1,246,685

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 23.5% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
Profit before tax	10,995,364	6,442,810
Corporation tax at standard rate	2,583,911	1,224,134
Effect of expense not deductible in determining taxable profit (tax loss)	12,721	7,231
(Decrease)/increase in UK and foreign current tax from adjustment for prior periods	(2,679)	332
Tax increase from effect of capital allowances and depreciation	9,100	8,724
Tax (decrease)/increase from changes in pension fund prepayment	(5,411)	6,264
Total tax charge	2,597,642	1,246,685

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

12 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 January 2023	375,000	375,000
At 31 December 2023	375,000	375,000
Amortisation		
At 1 January 2023	150,000	150,000
Amortisation charge	37,500	37,500
At 31 December 2023	187,500	187,500
Carrying amount		
At 31 December 2023	187,500	187,500
At 31 December 2022	225,000	225,000

13 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2023	408,305	184,638	592,943
Additions	-	32,532	32,532
Disposals	(397,305)	(38,679)	(435,984)
At 31 December 2023	11,000	178,491	189,491
Depreciation			
At 1 January 2023	84,830	117,214	202,044
Charge for the year	9,599	33,552	43,151
Eliminated on disposal	(87,096)	(34,587)	(121,683)
At 31 December 2023	7,333	116,179	123,512
Carrying amount			
At 31 December 2023	3,667	62,312	65,979
At 31 December 2022	323,475	67,424	390,899

Included within the net book value of land and buildings above is £Nil (2022 - £313,208) in respect of freehold land and buildings and £3,667 (2022 - £10,267) in respect of short leasehold land and buildings.

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

14 Investments

	2023 £	2022 £
Investments in subsidiaries	<u>1</u>	<u>1</u>
Subsidiaries		£
Cost or valuation		
At 1 January 2023		<u>1</u>
At 31 December 2023		<u>1</u>
Carrying amount		
At 31 December 2023		<u>1</u>
At 31 December 2022		<u>1</u>

15 Debtors

	Note	2023 £	2022 £
Current			
Trade debtors		89,984,135	87,010,622
Amounts owed by related parties	<u>22</u>	3,161,015	1,337,096
Other debtors		20,480	9,700
Prepayments		<u>610,147</u>	<u>371,854</u>
		<u>93,775,777</u>	<u>88,729,272</u>

16 Cash and cash equivalents

	2023 £	2022 £
Cash at bank	<u>295,024</u>	<u>167,936</u>

17 Creditors

	Note	2023 £	2022 £
Due within one year			
Loans and borrowings	<u>20</u>	65,586,164	66,684,589
Trade creditors		62,793	7,931
Amounts owed to group undertakings	<u>22</u>	908,838	1,792,513
Social security and other taxes		697,633	667,088
Accruals		2,716,937	2,892,285
Corporation tax	<u>11</u>	<u>559,312</u>	<u>588,320</u>
		<u>70,531,677</u>	<u>72,632,726</u>

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

18 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 £291,745 (2022 - £274,270).

Pension commitments

Commitments provided for in the accounts amounted to £55,755 (2022 - £78,782).

19 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	60,000	60,000	60,000	60,000

20 Loans and borrowings

	2023	2022
	£	£
Current loans and borrowings		
Bank borrowings	65,586,164	66,684,589

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

21 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2023	2022
	£	£
Not later than one year	358,729	239,004
Later than one year and not later than five years	1,161,983	870,822
	1,520,712	1,109,826

The amount of non-cancellable operating lease payments recognised as an expense during the year was £279,046 (2022 - £124,652).

eCapital Commercial Finance Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

22 Related party transactions

Expenditure with and payables to related parties

2023

Amounts payable to related party

Parent

£

908,838

2022

Amounts payable to related party

Parent

£

459,144

23 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.

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