REGISTERED NUMBER: 05488515 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements for the Year Ended 31 May 2020

for

Regulatory Finance Solutions Limited

Contents of the Financial Statements for the Year Ended 31 May 2020

Regulatory Finance Solutions Limited

Company Information
for the Year Ended 31 May 2020

DIRECTORS:	J Turner M A Couzens
SECRETARY:	Ms C A Forbes
REGISTERED OFFICE:	Unit 12 Global Business Park Wilkinson Road Cirencester Wiltshire GL7 1YZ
REGISTERED NUMBER:	05488515 (England and Wales)

Strategic Report
for the Year Ended 31 May 2020

The directors present their strategic report for the year ended 31 May 2020.

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

REVIEW OF BUSINESS
The Company has continued to grow its client base in anticipation of historical projects, such as PPI complaint resolution, reaching their conclusion. In parallel the Company has re-organised its operations to deliver sustained efficiency improvements.

PRINCIPAL RISKS AND UNCERTAINTIES
RFS delivers remediation services through building resource capacity and consultancy services to a range of clients.

These contracts typically operate on a short-term rolling renewal basis and are therefore not guaranteed. RFS continues to focus its business development activities on building new clients and new projects to help mitigate this risk.

The ability to identify and recruit contractors with appropriate skills, particularly as key projects of customer remediation are completed, and as regulatory focus moves to new programs of rectification, is critical to the ongoing success of the business. The Company continues to monitor the themes emerging from the FCA that will lead to new business opportunities.

Historically RFS has provided remediation services to banks to assist the management of PPI related customer claims. The deadline for most consumer claims was August 2019 and these projects are due to conclude in early 2021. RFS will continue to offer services to assist in other areas of regulatory remediation to offset this change. It is expected that the regulator will focus on asking regulated firms to address other miss selling issues as capacity is released from PPI remediation.

The firms to which RFS provides services are subject to rigorous and increasing quality and regulatory oversight. This continues to create new business opportunities

The UK Government is proceeding with the application of off-payroll working rules, commonly referred to as IR35, in the private sector. The Company is monitoring this process carefully. The latest guidance gives us confidence in our ability to continue to deliver value adding services to our clients.

RFS has invested in a number of early stage technology businesses as described above. The development of those businesses continues but, not unusually for such businesses, the long term value of these investments is unpredictable. Consequently there is a risk associated with the carrying value of those investments. Having considered the facts the directors consider that the total valuation of investments, at cost, of £3,116,606 is still appropriate.

FUTURE DEVELOPMENTS
The Company will continue to pursue new service offerings across a broader client base and in doing so demonstrate an ability to deliver enhanced value to customers. In particular, RFS continues to explore the development of technology consistent with its strategic objective to enhance the efficiency of its services.

At 31 May 2020, RFS had minority equity investments in ByzGen Limited, a secure data management technology provider, and CybSafe Limited, a provider of cyber security and data analytics software.

The Company will also continue to invest in business development people, in pursuit of developing sustainable revenue generating relationships with new clients across a broad range of sectors whilst leveraging its legacy strength and reputation in the financial services sector.

COVID-19
RFS has been successful in managing its operations to achieve its profit targets during the 2020 lockdown. All staff successfully switched to homeworking at the beginning of the lockdown and this and the increased use of technology for communications with customers, significantly reduced overhead expenditure during this period.

RFS's management believes that customers have elected to defer rather than cancel expenditure in 2020 and that in the medium term this will not affect the Company's ability to continue as a going concern.

Strategic Report
for the Year Ended 31 May 2020

FINANCIAL KEY PERFORMANCE INDICATORS
Turnover of continued operations for the year was £28,163,375 (2019 (17 months): £71,253,476), and operating profit was £2,620,296 (2019: £4,706,687).

Operating margins improved to 9.3% (2019: 6.6%).

ON BEHALF OF THE BOARD:

J Turner - Director

26 March 2021

Report of the Directors
for the Year Ended 31 May 2020

The directors present their report with the financial statements of the company for the year ended 31 May 2020.

DIVIDENDS
No dividends will be distributed for the year ended 31 May 2020.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 June 2019 to the date of this report.

J Turner
M A Couzens

Other changes in directors holding office are as follows:

S D Breach - resigned 27 August 2019
A H Howitt - resigned 13 August 2019

DISCLOSURE IN THE STRATEGIC REPORT
The directors have chosen to report on the principal risks and uncertainties effecting the company and their review of the business in the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

ON BEHALF OF THE BOARD:

J Turner - Director

26 March 2021

Report of the Independent Auditors to the Members of Regulatory Finance Solutions Limited

Opinion
We have audited the financial statements of Regulatory Finance Solutions Limited (the 'company') for the year ended 31 May 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 May 2020 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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

David Iain Black (Senior Statutory Auditor)
for and on behalf of MHA Monahans
Statutory Auditors
38-42 Newport Street
Swindon
Wiltshire
SN1 3DR

31 March 2021

Regulatory Finance Solutions Limited (Registered number: 05488515)

Statement of Comprehensive Income for the Year Ended 31 May 2020

	Notes	Year Ended 31.5.20 £	Period 31.12.17 to 31.5.19 £
TURNOVER	4	28,163,375	71,253,476
Cost of sales		21,224,360	54,858,602
GROSS PROFIT		6,939,015	16,394,874
Administrative expenses		4,355,976	11,692,033
		2,583,039	4,702,841
Other operating income		37,257	3,847
OPERATING PROFIT	6	2,620,296	4,706,688
Interest receivable and similar income		-	130
		2,620,296	4,706,818
Interest payable and similar expenses	7	10,117	44,767
PROFIT BEFORE TAXATION		2,610,179	4,662,051
Tax on profit	8	443,338	1,105,968
PROFIT FOR THE FINANCIAL YEAR		2,166,841	3,556,083
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,166,841	3,556,083

The notes form part of these financial statements

Balance Sheet
31 May 2020

	Notes	2020 £	2020 £	2019 £	2019 £
FIXED ASSETS					
Tangible assets	10		131,415		289,053
Investments	11		3,116,606		3,116,606
			3,248,021		3,405,659
CURRENT ASSETS					
Debtors	12	1,124,848		5,867,818	
Cash at bank		6,761,951		4,302,519	
		7,886,799		10,170,337	
CREDITORS					
Amounts falling due within one year	13	4,058,858		8,666,875	
NET CURRENT ASSETS			3,827,941		1,503,462
TOTAL ASSETS LESS CURRENT LIABILITIES			7,075,962		4,909,121
CAPITAL AND RESERVES					
Called up share capital	16		1,000		1,000
Retained earnings			7,074,962		4,908,121
SHAREHOLDERS' FUNDS			7,075,962		4,909,121

The financial statements were approved by the Board of Directors and authorised for issue on 26 March 2021 and were signed on its behalf by:

J Turner - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 31 May 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 31 December 2017	1,000	5,531,061	5,532,061
Changes in equity			
Dividends	-	(4,179,023)	(4,179,023)
Total comprehensive income	-	3,556,083	3,556,083
Balance at 31 May 2019	1,000	4,908,121	4,909,121
Changes in equity			
Total comprehensive income	-	2,166,841	2,166,841
Balance at 31 May 2020	1,000	7,074,962	7,075,962

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

Regulatory Finance Solutions Limited is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. **ACCOUNTING POLICIES**

Basis of preparing the financial statements
The financial statements have been prepared under the historical cost convention.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Functional and presentation currency
The company's functional and presentation currency is Sterling (£).

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of paragraph 33.7.

Preparation of consolidated financial statements
The financial statements contain information about Regulatory Finance Solutions Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, RFS Holdco 1 Limited, Unit 12 Global business park, Wilkinson Road, Cirencester, GL7 1YZ.

Significant judgements and estimates
In the application of the company's accounting policies, management is required to make judgements,
estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

There are no key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements:

(i) Useful economic life of tangible assets
The annual depreciation charge for tangible assets is sensitive to changes in the estimates useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(ii) Impairment of debtors
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors, relationship with the debtors and historical experience.

continued...

3. **ACCOUNTING POLICIES - continued**

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transactions, the fair value of the consideration is measured as the present value of all future receipts using the inputted rate of interest.

The company recognises revenue when the following conditions are satisfied:

Rendering of services
Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably

Interest receivable
Interest income is recognised using the effective interest method.

Tangible fixed assets
Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation and residual values

Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Long leasehold - 20% on straight line basis
Other fixed assets - 20% on straight line basis
Fixtures and fittings - 25% on reducing balance
Computer equipment - 25% on reducing balance

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any changes is accounted for prospectively.

Repairs and maintenance costs are expensed as incurred.

Government grants
Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

Investments in subsidiaries
Investments in subsidiaries, associates and other investments are stated at cost less impairment. Cost includes the original transaction price including transaction costs.

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3. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substances of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at their value of the lease asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do no transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

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3. **ACCOUNTING POLICIES - continued**

Pension costs and other post-retirement benefits
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Trade and other debtors
Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

Trade and other creditors
Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Related parties
For the purposes of these financial statements, a party is considered to be related to the company if:
(i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the Company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
(ii) the company and the party are subject to common control;
(iii) the party is an associate of the company or a joint venture in which the company is a venturer;
(iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
(vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

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3. **ACCOUNTING POLICIES - continued**

Impairment of assets
Assets, other than those measured at fair value, as assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below:

Non-financial assets
At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value is use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter an excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Financial assets
For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the report date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial assets to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial instruments
Financial instruments are classified by the directors as basic or advanced following the conditions in FRS 102 Section 11.

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.
Such assets are subsequently carried at amortised cost using the effective interest method.

Basic financial liabilities, including trade and other payables, bank loans and overdrafts and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

continued...

3. **ACCOUNTING POLICIES - continued**

Provisions
Provisions are recognised when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Borrowing costs
All borrowing costs are recognised in profit or loss in the period in which are incurred.

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	Year Ended 31.5.20 £	Period 31.12.17 to 31.5.19 £
United Kingdom	28,163,375	71,253,476
	28,163,375	71,253,476

5. **EMPLOYEES AND DIRECTORS**

	Year Ended 31.5.20 £	Period 31.12.17 to 31.5.19 £
Wages and salaries	2,629,471	6,160,853
Social security costs	319,667	673,987
Other pension costs	19,416	32,170
	2,968,554	6,867,010

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

	Year Ended 31.5.20	Period 31.12.17 to 31.5.19
Staff	27	55

	Year Ended 31.5.20 £	Period 31.12.17 to 31.5.19 £
Directors' remuneration	1,174,187	1,496,123

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	1

continued...

5. **EMPLOYEES AND DIRECTORS - continued**

Information regarding the highest paid director is as follows:

	Year Ended 31.5.20	Period 31.12.17 to 31.5.19
	£	£
Emoluments etc	489,047	926,748

6. **OPERATING PROFIT**

The operating profit is stated after charging:

	Year Ended 31.5.20	Period 31.12.17 to 31.5.19
	£	£
Hire of plant and machinery	79,275	42,206
Other operating leases	127,656	207,513
Depreciation - owned assets	58,582	240,510
Loss on disposal of fixed assets	86,655	82,729
Auditor's remuneration	35,615	22,500
Foreign exchange differences	-	360
Employee termination benefits	779,604	-

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	Year Ended 31.5.20	Period 31.12.17 to 31.5.19
	£	£
Bank loan interest	8,926	33,467
Hire purchase interest	695	9,008
Bank overdraft interest	496	2,292
	10,117	44,767

8. **TAXATION**

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

	Year Ended 31.5.20	Period 31.12.17 to 31.5.19
	£	£
Current tax:		
UK corporation tax	443,377	1,041,028
Deferred tax	(39)	64,940
Tax on profit	443,338	1,105,968

continued...

8. **TAXATION - continued**

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

	Year Ended 31.5.20 £	Period 31.12.17 to 31.5.19 £
Profit before tax	2,610,179	4,662,051
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	495,934	885,790
Effects of:		
Expenses not deductible for tax purposes	44,900	297,948
Capital allowances in excess of depreciation	(8,208)	-
Depreciation in excess of capital allowances	-	7,365
Utilisation of tax losses	(89,249)	(150,075)
Deferred tax due to timing differences	(39)	64,940
Total tax charge	443,338	1,105,968

9. **DIVIDENDS**

	Year Ended 31.5.20 £	Period 31.12.17 to 31.5.19 £
Ordinary shares of £1 each		
Interim	-	4,179,023

10. **TANGIBLE FIXED ASSETS**

	Long leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 June 2019	304,079	511,061	427,873	1,243,013
Additions	-	1,415	2,237	3,652
Disposals	(304,079)	(233,114)	(117,702)	(654,895)
At 31 May 2020	-	279,362	312,408	591,770
DEPRECIATION				
At 1 June 2019	289,018	361,099	303,843	953,960
Charge for year	15,061	20,590	22,931	58,582
Eliminated on disposal	(304,079)	(164,947)	(83,161)	(552,187)
At 31 May 2020	-	216,742	243,613	460,355
NET BOOK VALUE				
At 31 May 2020	-	62,620	68,795	131,415
At 31 May 2019	15,061	149,962	124,030	289,053

continued...

11. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £	Unlisted investments £	Totals £
COST			
At 1 June 2019	2,000,130	1,116,476	3,116,606
Reclassification/transfer	(2,000,030)	2,000,030	-
At 31 May 2020	100	3,116,506	3,116,606
NET BOOK VALUE			
At 31 May 2020	100	3,116,506	3,116,606
At 31 May 2019	2,000,130	1,116,476	3,116,606

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

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

Class of shares:	% holding
Ordinary	100.00

	2020 £	2019 £
Aggregate capital and reserves	2,653	2,683
(Loss)/profit for the year/period	(30)	548,105

During the period the shareholding in Byzgen Ltd was diluted through an issue of share capital. As such they are no longer included within the consolidated accounts as at 12 September 2019. The shareholding is now included in unlisted investments.

Associates
Unlisted investments includes an investment where the group holds more than 20% shareholding. The entity has not been consolidated into the financial statements as an associate as they are not material to the group. The following are the unlisted investments where the group has more than 20% shareholding:

Name	**Class of shares**	**Effective holding**	**Principal activity**
Cybsafe holdings Limited	Ordinary	25%	Cyber security
Byzgen Limited	Ordinary	22%	Technology service activates

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

	2020 £	2019 £
Trade debtors	180,140	3,767,200
Other debtors	195,744	202,755
Tax	279,245	-
Deferred tax asset	60,326	60,287
Prepayments and accrued income	409,393	1,837,576
	1,124,848	5,867,818

continued...

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts (see note 14)	-	182,000
Hire purchase contracts (see note 15)	-	9,121
Trade creditors	150,225	2,132,356
Amounts owed to group undertakings	2,910,003	3,324,082
Tax	-	1,928
Social security and other taxes	9,352	135,673
VAT	667,651	861,592
Other creditors	3,182	1,057
Accruals and deferred income	318,445	2,019,066
	4,058,858	8,666,875

14. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank loans	-	182,000

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2020	2019
	£	£
Net obligations repayable:		
Within one year	-	9,121

	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	33,841	159,624
Between one and five years	15,732	496,579
	49,573	656,203

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
1,000	Ordinary	£1	1,000	1,000

All shares rank equally in regards to voting rights.

The shares have a nominal value of £1 and were issued at par.

All shares rank equally in regards to dividends.

All shares rank in proportion to the nominal amount paid up with regards to distributions on winding up or other repayment of capital.

continued...

17. PENSION COMMITMENTS

During the year pension contributions of £329 (2019: £934) were made on behalf of the directors and contributions of £18,544 (2019: £31,236) were made on behalf of the employees. At the year end outstanding pension contributions payable amounted to £3,033 (2019: £Nil).

18. OTHER FINANCIAL COMMITMENTS

The immediate parent entity entered into a loan which is secured by a fixed and floating charge over the assets of the immediate parent and its subsidiaries of which the company is a member. The bank loan was for a value fo £11million net of arrangement fees.

19. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

continued...

19. RELATED PARTY DISCLOSURES - continued

Transactions with directors

The Trustees of Turner and Couzens SSAS is owned by two directors. During the period the company paid rent and service charges totalling £115,938 (2019: £146,589). One of the leases was terminated early and an early termination fee was paid of £105,000.

During the period the company paid rent totalling £18,000l (2019: £25,500) to a director.

A director has a beneficial loan, which will become repayable should the director leave the company totalling £194,000 (2019: £194,000) this is included within other debtors.

In the prior year a director purchased fixed assets from the company in an arms lengths transaction for a proceeds value of £100,000. No such transaction occurred this year.

During the period the company purchased services from Augmentum Solutions Limited, a company controlled by a former director in the ordinary course of business at a cost of £504 (2019: £174,179). Amounts owed to Augmentum Solutions Limited at the period end were £nil (2019: £nil).

During the period the group entered into transactions with Adviser Services Holdings Limited, a company controlled by a director. During the period the group paid for expenses on their behalf totalling £1,165,950 (2019: £Nil). Amounts owed by Adviser Services Holdings Limited at the period end were £52,362 (2019: £Nil).

The company is related to RFS Holdings Ltd and its subsidiaries, since RFS Holdings Limited is 100% owned by a director. During the period the company undertook the following transactions with RFS Holdings Limited and its subsidiaries:

	Purchases	Sales	Balance at period end
	£	£	£
RFS Holdings Limited	-	-	-
Consumer Credit Advisory Services Limited	4,766	31,787	35,803
CC Advisory Services Limited	-	-	-
Essentia Limited	94	9,426	18,755

Regulatory Accounting Limited and Set For Business Limited ceased to be part of the RFS Holdings Limited group.

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

	Purchases	Sales	Balance at period end
	£	£	£
RFS Holdings Limited	-	-	6,024
Consumer Credit Advisory Services Limited	-	25,828	-
Regulatory Accounting Limited	-	4,154	-
Set For Business Limited	1,200	-	-
Essentia Limited	640	54,689	482
Regulatory Law Limited	-	135,474	-

These amounts all relate to trading balances and included within debtors at the reporting date were outstanding amounts of £54,558 (2019: £6,506).

Transactions with associates

During the period the company purchased services in the ordinary course of business from Cybsafe Holdings Limited, an associate of the company, at a cost of £nil (2019: £11,057) and provided services in the ordinary course of business at a value of £24,000 (2019: £33,600). Amounts owed by the associate at the reporting date were £Nil (2019: £11).

20. ULTIMATE CONTROLLING PARTY

The company's parent company is RFS Holdco 1 Limited and the smallest and largest group into which the results of Regulatory Finance Solutions Limited are consolidated.

Copies of the group financial statements may be obtained from Unit 12 Global Business Park, Wilkinson Road, Cirencester, GL7 1YZ.