

Company registration number 12058753 (England and Wales)

EQUIVO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2022

EQUIVO LIMITED

CONTENTS

	Page
Strategic report	2 - 4
Directors' report	5 - 6
Directors' responsibilities statement	7
Independent auditor's report	8 - 10
Statement of comprehensive income	11
Balance sheet	12
Notes to the financial statements	13 - 23

EQUIVO LIMITED

COMPANY INFORMATION

Directors Mr J Ingram
 Mr J A Chatfield
 Mrs M A Chell (Appointed 31 May 2021)
 Mr S Little (Appointed 31 May 2021)
 Mr J M Taylor (Appointed 31 May 2021)
 Mr A P Thomas

Company number 12058753

Registered office Abbots House
 Abbey Street
 Reading
 RG1 3BD

Auditor King & King
 Chartered Accountants & Statutory Auditors
 5th Floor
 Watson House
 54-60 Baker Street
 London
 W1U 7BU

Bankers The Royal Bank of Scotland plc
 48 Bishopsgate
 London
 EC2N 3AS

Solicitors Boyes Turner LLP
 Abbots House
 Abbey Street
 Reading
 RG1 3BD

EQUIVO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2022

The directors present the strategic report for the year ended 30 April 2022.

Principal activities

The principal activity of the company continued to be that of end-to-end debt collection and property recoveries.

Equivo Limited ("the Company") was founded in 2019 to become the UK's leading provider of collections, legal and enforcement services.

Strategic objectives

The Company offers multi-disciplinary capabilities across three separate but complementary service activities:

Collections and field services authorised and regulated by the Financial Conduct Authority;

Legal services regulated by the Solicitors' Regulation Authority; and

Enforcement services regulated by the Ministry of Justice and High Court Enforcement Officers Association (proposed new regulation by the Enforcement Conduct Board)

Principal risks and uncertainties

The management and execution of the business strategy is subject to a number of risks in addition to those noted in the Directors' report.

Strategic and business model risk

The Company recognises several risks contributing to strategic and business model risk including its ability to attract sufficient levels of business to support its overheads and establish profitable trading levels. However, the Company aims to mitigate these risks by creating a commercially unique business model that is built for growth and complemented by a scalable technology infrastructure and an operational strategy to closely control overheads. The Directors consider that the Company should be a counter-cyclical beneficiary of any macro-economic downturn in the UK economy. The Company's strategic risk mitigation strategy aims to deliver stable and recurring revenues from a diverse range of clients spanning retail banks and independent consumer lenders, commercial creditors, real estate owners, law firms and retail customers.

Competition

The Company recognises the potential risk posed by competitors and minimises this through investment in service innovations and its unique business model. The Company also enjoys a position of having significant barriers to entry from any new competitors being a multi-disciplinary, multi-regulator business requiring significant time and capital setup investments.

Regulatory risk

The Company is authorised by the Financial Conduct Authority to conduct certain consumer credit activities and is authorised by the Solicitors Regulation Authority to conduct reserved legal activities. The Directors believe that the Company conducts its business in accordance with all applicable regulations and will endeavour to continue to do so. There remains a risk that the Company's regulators will find that the business has not complied fully with such regulations. In such circumstances, the impact to the Company of any regulatory fines and other costs, reputational damage and/ or loss of regulatory authorisation could be material. Additionally, there is a risk that increased regulation or restrictions could restrict income available to the Company. The Company maintains a robust internal governance and compliance monitoring framework to carefully mitigate regulatory risk. The Company invests heavily in appropriately skilled personnel with a dedicated compliance and risk department. The Directors consider that the framework is appropriate to mitigate regulatory risk.

Cyber/data security

The Company recognises that the risks associated with operating its business through technology platforms include, but are not limited to, cyber compromise and information data security. The Company manages these risks through a combination of technical measures, operational controls and the use of secure cloud hosted platforms. In mitigation of identified cyber and data security risks, the Company is certificated by BSI as operating an Information Security Management System which complies with the requirements of ISO/IEC 27001:2013. The Company is also certified by BSI as complying with the requirements of the Cyber Essentials Plus scheme, meaning that the Company's ICT defences have been assessed as meeting satisfactory standards against commodity based cyber attack.

EQUIVO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

Operational risk

The Company manages operational risk with policy driven procedures and active oversight through effective organisational control. The Company is certificated by BSI as operating a Quality Management System which complies with the requirements of ISO 9001:2015.

Disaster recovery and business continuity

The Company has an understandable reliance on its technology systems and people. The loss of key components could cause temporary disruption to business processes if the Company is required to implement its established and detailed disaster recovery plan, which includes remote access facilities available for immediate use. The Company maintains, and regularly tests, a formal business continuity plan to carefully mitigate the risk of disaster recovery. This plan is independently audited on annual basis by BSI as part of the Company's accreditation to ISO/IEC 27001:2013 standard. The Company is additionally audited on a regular basis by key clients to test the efficacy of its business continuity controls. The Directors consider that the Company's business continuity controls are appropriate to mitigate disaster recovery risk.

Key personnel and employee strategy

The Company recognises the need to both recruit and retain key personnel. The Company aims to achieve this through a flexible and engaging working environment that balances remuneration and employee benefits. To meet the demands of a fast-paced growing business the Directors have continued to recruit new employees to meet client requirements. The Directors have continued to invest in a combination of internal and external training. All personnel are required to attend a minimum level of ongoing training each year. As well as learning new skills the Directors feel the training programmes give personnel greater knowledge of the wider business and improve the efficiency in which they can work together. The Company aligned with Real Living Wage from 1 May 2022. The Real Living Wage is the only UK wage rate that is voluntarily paid by almost 9,000 UK businesses who believe their personnel deserve a wage which meets everyday needs.

Financial risk management

The Company has considered the potential effects of credit, liquidity and capital risk presented in the Financial Risk section in the Directors' report. The Directors continue to monitor such risks. The Company does not use derivative instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Regulatory position

The Company is authorised by the Financial Conduct Authority (FCA) to undertake regulated consumer credit debt collection activities under Firm Reference Number (FRN) 845356. The Company is also authorised by the Solicitors Regulation Authority (SRA) as a multi-disciplinary practice (MDP) alternative business structure (ABS) under firm reference number 811299. The Company is recognised as an ABS and Authorised Professional Firm by the SRA. The Company is registered with the Ministry of Justice and the High Court Enforcement Officers Association as an enforcement business authorised to execute judgments and orders of the High and County Courts of England and Wales.

Key milestones

During the year period under review, the Company completed a sizeable acquisition transaction with Shoosmiths LLP ("Shoosmiths") to transfer certain assets to the Company in return for an equity holding. The transaction completed on 31 May 2021. The transaction included the transfer of the ABL and CFLR teams to the Company including clients, senior management, personnel, premises and circa 90,000 active cases adding a debt value in excess of £804 million to the Company's existing debt collection portfolio.

Post balance sheet events

On 25 August 2023, the Company exchanged contracts to dispose of the volume legal services division that it had acquired on 31 May 2021. Upon completion of the transaction, the terms of the disposal include initial cash consideration payable to the Company in the sum of £2.35 million (subject to certain deductions) and further terms under which significant deferred cash consideration becomes payable over a 3 year period. The Company simultaneously agreed with major shareholder, Shoosmiths, that upon completion of the sale transaction, Shoosmiths will make a complete exit from the Company and all inter-company liabilities (save for certain disbursements) owed by the Company to Shoosmiths will be discharged in return for assignment by the Company of the rights to any deferred cash consideration that may become payable under the transaction.

EQUIVO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

Outlook

As a result of well-considered investment across service capabilities, technology, infrastructure and personnel, the Company benefits from a scalable business that enables a high-quality service provision to be deployed to meet the collections and recoveries requirements of clients. The Company aims to achieve its broader strategic aims by delivering these services to the highest standard and behaving in a culturally transparent manner, supported by a long-term commitment to innovation, complementary technology and compliance.

Strategic positioning

The Company considers that it is strategically well-positioned to benefit from an upturn in debt collection activity levels that may result from an increase in consumer and commercial debts. The Company considers that it is also well-positioned to scale rapidly, having invested in its technology infrastructure and having established a broad range of multi-disciplinary service capabilities.

On behalf of the board

Mr J Ingram
Director

4 October 2023

EQUIVO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2022

The directors present their annual report and financial statements for the year ended 30 April 2022.

Principal activities

The principal activity of the company continued to be that of end-to-end debt collection and property recoveries.

Results and dividends

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2021:NIL).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J Ingram	
Mr J A Chatfield	
Mrs M A Chell	(Appointed 31 May 2021)
Mr S Little	(Appointed 31 May 2021)
Mr J M Taylor	(Appointed 31 May 2021)
Mr A P Thomas	

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Political donations

The company has not made any charitable donations during the year (2021:NIL). The company has not made any donations or incurred any expense to any registered UK political party or other political organisation.

Financial instruments

The company's principal financial instruments consist of cash and cash equivalents.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Auditor

The auditor, King & King, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The company has chosen to include certain Director's report information voluntarily which is included in pages 2-4 under the heading Strategic Report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

EQUIVO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

Going concern

The company meets its day-to-day working capital requirements through its invoice discounting facility. The company's forecasts and projections, taking into account of a severe but plausible change in trading performance including that of impact of sale of the volume legal services division as noted in post balance sheet events, show that the company should be able to operate within the level of its current facility. After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr J Ingram
Director

4 October 2023

EQUIVO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2022

The directors are responsible 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 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.

EQUIVO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUIVO LIMITED

Opinion

We have audited the financial statements of Equivo Limited (the 'company') for the year ended 30 April 2022 which comprise the statement of comprehensive income, the balance sheet and notes to the financial statements, including 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 30 April 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

EQUIVO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EQUIVO LIMITED

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Identifying and assessing potential risks related to irregularities

- Enquiry of management, those charged with governance around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing compliance register and risk register of the company.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

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

EQUIVO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF EQUIVO 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.

Diwakar Kafle (Senior Statutory Auditor)

For and on behalf of

King & King

Chartered Accountants

Statutory Auditor

5th Floor

Watson House

54-60 Baker Street

W1U 7BU

4 October 2023

EQUIVO LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2022

	Notes	2022 £	2021 £
Turnover		8,417,324	1,978,430
Cost of sales		(2,818,817)	(1,303,006)
Gross profit		5,598,507	675,424
Distribution costs		(848,790)	-
Administrative expenses		(10,527,788)	(813,444)
Other operating income		-	77,660
Impairment of Goodwill	3	(8,850,034)	-
Operating loss		(14,628,105)	(60,360)
Interest receivable and similar income		18	-
Interest payable and similar expenses		(33,517)	-
Loss before taxation		(14,661,604)	(60,360)
Tax on loss		-	-
Loss for the financial year		(14,661,604)	(60,360)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

EQUIVO LIMITED

BALANCE SHEET

AS AT 30 APRIL 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	6		3,448,017		5,784
Tangible assets	7		208,794		26,519
Investments	8		100		-
			<u>3,656,911</u>		<u>32,303</u>
Current assets					
Debtors	9	3,224,798		624,898	
Cash at bank and in hand		4,266,779		139,792	
		<u>7,491,577</u>		<u>764,690</u>	
Creditors: amounts falling due within one year	10	<u>(8,133,602)</u>		<u>(1,008,514)</u>	
Net current liabilities			<u>(642,025)</u>		<u>(243,824)</u>
Total assets less current liabilities			<u>3,014,886</u>		<u>(211,521)</u>
Creditors: amounts falling due after more than one year	11		<u>(4,063,604)</u>		<u>(45,260)</u>
Net liabilities			<u><u>(1,048,718)</u></u>		<u><u>(256,781)</u></u>
Capital and reserves					
Called up share capital			900,100		360
Share premium account			12,680,360		-
Capital redemption reserve			289,567		-
Profit and loss reserves			<u>(14,918,745)</u>		<u>(257,141)</u>
Total equity			<u><u>(1,048,718)</u></u>		<u><u>(256,781)</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 4 October 2023 and are signed on its behalf by:

Mr J Ingram
Director

Company registration number 12058753 (England and Wales)

EQUIVO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

Company information

Equivo Limited is a private company limited by shares incorporated in England and Wales. The registered office is Abbots House, Abbey Street, Reading, RG1 3BD,

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

The company meets its day-to-day working capital requirements through its invoice discounting facility. The company's forecasts and projections, taking into account of a severe but plausible change in trading performance including that of the impact of the sale of volume legal services division as noted in post balance sheet events, show that the company should be able to operate within the level of its current facility. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Revenue is recognised in the accounting period in which the performance obligation as per contract with customer is satisfied.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

EQUIVO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies (Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trademarks	over 10 years
------------	---------------

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the assets to its working condition for its intended use.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	over 3 years
Fixtures and fittings	over 5 years
Office equipment	over 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

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

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

EQUIVO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

EQUIVO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

EQUIVO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

(Continued)

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

EQUIVO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

3 Impairment of goodwill

	2022	2021
	£	£
Expenditure		
Impairment of Goodwill	8,850,034	-
	<u> </u>	<u> </u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:179

	2022	2021
	Number	Number
Total	179	7
	<u> </u>	<u> </u>

5 Impairments

Goodwill	6	8,850,034	-
		<u> </u>	<u> </u>

EQUIVO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

6	Intangible fixed assets	Goodwill	Other	Total
		£	£	£
Cost				
	At 1 May 2021	-	6,118	6,118
	Additions	13,533,446	-	13,533,446
	At 30 April 2022	13,533,446	6,118	13,539,564
Amortisation and impairment				
	At 1 May 2021	-	334	334
	Amortisation charged for the year	1,240,566	613	1,241,179
	Impairment losses	8,850,034	-	8,850,034
	At 30 April 2022	10,090,600	947	10,091,547
Carrying amount				
	At 30 April 2022	3,442,846	5,171	3,448,017
	At 30 April 2021	-	5,784	5,784

More information on impairment movements in the year is given in note 5.

7	Tangible fixed assets	Plant and machinery etc
		£
Cost		
	At 1 May 2021	40,833
	Additions	258,530
	At 30 April 2022	299,363
Depreciation and impairment		
	At 1 May 2021	14,314
	Depreciation charged in the year	76,255
	At 30 April 2022	90,569
Carrying amount		
	At 30 April 2022	208,794
	At 30 April 2021	26,519

EQUIVO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

8	Fixed asset investments	2022	2021
		£	£
	Shares in group undertakings and participating interests	100	-
		<u> </u>	<u> </u>
	Movements in fixed asset investments		
			Shares in subsidiaries
			£
	Cost or valuation		
	At 1 May 2021		-
	Additions		100
	At 30 April 2022		<u>100</u>
	Carrying amount		
	At 30 April 2022		<u>100</u>
	At 30 April 2021		<u> </u>
			<u> </u>
9	Debtors	2022	2021
		£	£
	Amounts falling due within one year:		
	Trade debtors	2,434,128	298,373
	Other debtors	720,947	304,198
		<u>3,155,075</u>	<u>602,571</u>
		<u> </u>	<u> </u>
		2022	2021
	Amounts falling due after more than one year:	£	£
	Other debtors	69,723	22,327
		<u>69,723</u>	<u>22,327</u>
		<u> </u>	<u> </u>
	Total debtors	<u>3,224,798</u>	<u>624,898</u>
		<u> </u>	<u> </u>

EQUIVO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

10 Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loans and overdrafts	1,420,147	4,979
Trade creditors	1,305,390	714,998
Taxation and social security	1,110,171	86,944
Other creditors	4,297,894	201,593
	<u>8,133,602</u>	<u>1,008,514</u>

Other creditors include £4,098,835.02 (2021 : £58,881) owed to customers being money collected on behalf of them. An amount equivalent to the amount owed to customers as at the year end is held in client bank account and is disclosed in cash at bank.

The bank overdraft is secured by a floating charge over all the property or undertaking of the company in favour of The Royal Bank of Scotland plc. The bank overdraft was repaid in full on 29 November 2022. Interest was charged on the bank overdraft at 3.5% per annum over the Bank of England base rate.

11 Creditors: amounts falling due after more than one year

	2022	2021
Notes	£	£
Bank loans and overdrafts	36,440	45,260
Obligations under finance leases	39,051	-
Amounts due to related parties	3,988,113	-
	<u>4,063,604</u>	<u>45,260</u>

Amounts due to related parties include £2,388,273 due to Shoosmiths LLP, a joint venture partner. The borrowings are unsecured, interest free and repayable on 30 April 2024. The carrying amount of the borrowings are initially measured at fair value using a market rate interest of 2.75% and subsequently at amortised cost.

Amounts due to related parties include £1,599,840 due to Equivo Oldco Limited, a 100% subsidiary. The borrowings are unsecured, interest free and repayable on 30 April 2024. The carrying amount of the borrowings are initially measured at fair value using a market rate interest of 2.75% and subsequently at amortised cost.

The bounce back bank loan is obtained for general working capital which are repayable over 60 equal monthly instalments commencing from December 2021 and carries an interest rate of 2.5% p.a.

EQUIVO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

12 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2022	2021
	£	£
	197,559	539,576

13 Events after the reporting date

On 25 August 2023, the Company exchanged contracts to dispose of the volume legal services division that it had acquired on 31 May 2021. Upon completion of the transaction, the terms of the disposal include initial cash consideration payable to the Company in the sum of £2,350,000 (subject to certain deductions) and further terms under which significant deferred cash consideration may become payable over a 3 year period. The Company simultaneously agreed with joint venture partner, Shoosmiths LLP, that upon completion of the sale transaction, Shoosmiths LLP will make a complete exit from the Company and all inter-company liabilities (save for certain disbursements) owed by the Company to Shoosmiths LLP will be discharged in return for assignment by the Company of the rights to any deferred cash consideration that may become payable under the transaction.

14 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

Name of related party	Nature of relationship	Loans Received		Loan Payments	
		2022	2021	2022	2021
		£	£	£	£
Key management personnel	Directors / Shareholders				
	Description of transaction				
Key management personnel	Loan given to company	-	25,000	-	102,760

Balances with related parties

	Amounts owed by related parties		Amounts owed to related parties	
	2022	2021	2022	2021
	£	£	£	£
Key management personnel	-	-	-	66,240

Other information

EQUIVO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

14 Related party transactions

(Continued)

In June 2021, Shoosmiths LLP and Equivo Limited launched a new dedicated recoveries business providing end-to-end collections, legal and enforcement services. Shoosmiths transferred assets at net book value in exchange for a 60% Joint venture in Equivo Limited. Around 200 staff also transferred across under TUPE as part of the transaction. During the period under review, Shoosmiths invoiced Equivo monthly for costs under a Transitional Services Agreement, consisting of personnel costs, IS and premises expenses and provision of sub-contracted legal services in Scotland and Northern Ireland amounting to £ 3,558,867. As at the year end the amount owed to Shoosmiths LLP is £ 2,388,273 (2021 : Nil).

The acquired volume legal Service business was hived up from Equivo Oldco Limited, a 100% subsidiary for £ 16,296,000 (inc VAT). The resulting inter-company debt was released via a capital reduction in Equivo Oldco Limited creating sufficient reserves to allow an equivalent dividend in-specie to Equivo Limited. As at the year end the amount owed to Equivo Oldco Limited was £ 1,599,840 (2021 : Nil).

15 Ultimate controlling party

As at the balance sheet date, the company has no single controlling party.

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.