

Company Registration No. 03770985 (England and Wales)

**NEWLYN PLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2019**



**tc** accounts · tax · legal · financial planning

Century House  
Wargrave Road  
Henley-on-Thames  
RG9 2LT

**NEWLYN PLC**

**CONTENTS**

---

	<b>Page</b>
Company information	1
Strategic report	2 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 25

---

**NEWLYN PLC**

**COMPANY INFORMATION**

---

<b>Directors</b>	Mr. D. Smith Ms. M. Coyne Mr. T. Durant Ms. M. Fenner Ms. C. Vickers Mr. A. White Ms. L. Sargent
<b>Secretary</b>	Mr. I. Whittingham
<b>Company number</b>	03770985
<b>Registered office</b>	3 Acorn Business Centre Northarbour Road Cosham Portsmouth Hampshire United Kingdom PO6 3TH
<b>Auditor</b>	Taylorcocks Thames Valley LLP Century House Wargrave Road Henley-on-Thames RG9 2LT

## **NEWLYN PLC**

### **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

---

The directors present the strategic report for the year ended 31 December 2019.

#### **Fair review of the business**

The company continues to focus on its core activity, being bailiff services.

As reported in the company's profit and loss account on page 8, turnover has increased 8.1% from £18,825,363 to £20,349,229. Profit after tax has increased from £4,395,708 to £4,597,462.

#### **Principal risks and uncertainties**

Management continually monitor the key risks facing the company, together with assessing the controls used for managing these risks. The board of directors formally reviews and documents the principle risks facing the business at least annually.

Economic downturn - the company acknowledges the importance of maintaining close relationships with its key customers in order to be able to identify the early signs of potential financial difficulties. Sales trends in its major markets are constantly reviewed to enable early action to be taken in the event of sales declining.

Competitor pressure - the market in which the company operates is considered to be relatively competitive, and therefore competitor pressure could result in losing sales to key competitors. The company manages this risk by providing quality services and maintaining strong relationships with its key customers.

Loss of key personnel - this would present significant operational difficulties for the company. Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.

#### **Key performance indicators**

Management use a range of performance measures to monitor and manage the business. The KPIs used to determine the progress and performance of the company are set out below.

#### **Turnover**

Turnover has increased by 8.1% compared to the prior year.

#### **Gross profit margin**

The company's gross profit margin has decreased in the year from 47.18% to 43.87%.

#### **Financial position at the reporting date**

The balance sheet shows that the company's net assets at the period end have increased from £3,672,765 to £5,270,227.

#### **Future developments**

At the time of approving the financial statements, the UK has been affected by the COVID-19 pandemic that is having a significant detrimental impact on the social and financial economies of the world. Governments around the world have introduced a range of measures to tackle the virus, some of which have an impact on logistics and the operations of the company and its customers. However the company continues to operate during this period, operating within the restrictions imposed by governments. The directors are confident that the company has the strategies and adequate resources to contend with the additional difficulties that arise from the COVID-19 pandemic responses during 2020.

On behalf of the board

NEWLYN PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---



Mr. D. Smith

Director

Date: 24/06/2020

## **NEWLYN PLC**

### **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

---

The directors present their annual report and financial statements for the year ended 31 December 2019.

#### **Principal activities**

The principal activity of the company continued to be that of debt collection services.

#### **Directors**

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

Mr. K. McCarthy	(Resigned 14 November 2019)
Mr. D. Smith	
Ms. M. Coyne	
Mr. T. Durant	
Ms. M. Fenner	
Ms. C. Vickers	
Mr. A. White	
Ms. L. Sargent	

#### **Results and dividends**

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £3,000,000. The directors do not recommend payment of a final dividend.

#### **Statement of directors' responsibilities**

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;
- state whether applicable UK Accounting Standard have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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.

**NEWLYN PLC**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**Auditor**

Taylorcocks Thames Valley LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

**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.

On behalf of the board



Mr. D. Smith  
Director

Date: 24/06/2020 .....

**NEWLYN PLC**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF NEWLYN PLC**

---

**Opinion**

We have audited the financial statements of Newlyn PLC (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

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

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

We have nothing to report in this regard.



## **NEWLYN PLC**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF NEWLYN PLC**

---

#### **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.

#### **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 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; or

#### **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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**NEWLYN PLC**

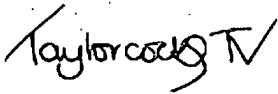
**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF NEWLYN PLC**

---

**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.



**Michelle Hewitt-Dutton FCCA (Senior Statutory Auditor)  
for and on behalf of Taylorcocks Thames Valley LLP**

**Statutory Auditor**

Office: Henley-on-Thames

Date: 24/06/2020

**NEWLYN PLC****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2019**

---

		2019	2018
	Notes	£	£
<b>Turnover</b>	<b>3</b>	20,349,229	18,825,363
Cost of sales		(11,421,713)	(9,942,717)
<b>Gross profit</b>		<u>8,927,516</u>	<u>8,882,646</u>
Administrative expenses		(3,651,092)	(3,454,054)
Other operating income		97,349	87,334
Exceptional item	<b>4</b>	-	(137,606)
<b>Operating profit</b>	<b>5</b>	<u>5,373,773</u>	<u>5,378,320</u>
Interest receivable and similar income	<b>8</b>	8,108	3,983
<b>Profit before taxation</b>		<u>5,381,881</u>	<u>5,382,303</u>
Tax on profit	<b>9</b>	(784,419)	(986,595)
<b>Profit for the financial year</b>		<u><u>4,597,462</u></u>	<u><u>4,395,708</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

The notes on pages 12 to 25 form part of these financial statements

**NEWLYN PLC****BALANCE SHEET****AS AT 31 DECEMBER 2019**

	Notes	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		672,223		700,384
<b>Current assets</b>					
Debtors	12	5,791,708		5,299,410	
Cash at bank and in hand		3,571,973		1,447,035	
		<u>9,363,681</u>		<u>6,746,445</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(4,716,605)</u>		<u>(3,736,600)</u>	
<b>Net current assets</b>			<u>4,647,076</u>		<u>3,009,845</u>
<b>Total assets less current liabilities</b>			<u>5,319,299</u>		<u>3,710,229</u>
<b>Provisions for liabilities</b>	14		<u>(49,072)</u>		<u>(37,464)</u>
<b>Net assets</b>			<u><u>5,270,227</u></u>		<u><u>3,672,765</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		51,000		51,000
Profit and loss reserves			<u>5,219,227</u>		<u>3,621,765</u>
<b>Total equity</b>			<u><u>5,270,227</u></u>		<u><u>3,672,765</u></u>

The financial statements were approved by the board of directors and authorised for issue on 24/06/2020 and are signed on its behalf by:



Mr. D. Smith  
Director

Company Registration No. 03770985

The notes on pages 12 to 25 form part of these financial statements

**NEWLYN PLC****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2019**

---

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
<b>Balance at 1 January 2018</b>	51,000	2,284,197	2,335,197
<b>Year ended 31 December 2018:</b>			
Profit and total comprehensive income for the year	-	4,395,708	4,395,708
Dividends	<b>10</b>	(3,058,140)	(3,058,140)
<b>Balance at 31 December 2018</b>	51,000	3,621,765	3,672,765
<b>Year ended 31 December 2019:</b>			
Profit and total comprehensive income for the year	-	4,597,462	4,597,462
Dividends	<b>10</b>	(3,000,000)	(3,000,000)
<b>Balance at 31 December 2019</b>	51,000	5,219,227	5,270,227

---

---

The notes on pages 12 to 25 form part of these financial statements

**1 Accounting policies**

**Company information**

Newlyn PLC (03770985) is a private company limited by shares incorporated in England and Wales. The registered office is 3 Acorn Business Centre, Northarbour Road, Cosham, Portsmouth, Hampshire, United Kingdom, PO6 3TH.

**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.

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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Newlyn Group Holding Ltd. These consolidated financial statements are available from its registered office, 3 Acorn Business Centre, Northarbour Road, Cosham, Portsmouth, PO6 3TH.

**1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1 Accounting policies** **(Continued)**

**1.3 Turnover**

Turnover represents revenue earned (excluding value added tax) under contracts to provide professional services from bailiff and related activities.

Bailiff service income is recognised on remittance of fees to the clients' debtors, as it is only at this point that the economic benefits are guaranteed to flow to the company.

Rent receivable is recognised on the accruals basis. Rent received in advance is carried forward as deferred income and released to the income statement in the period to which it relates.

**1.4 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.

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	33% on reducing balance/33% straight line
Fixtures and fittings	15% on reducing balance
Motor vehicles	33% on reducing balance

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.

**1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

Recoverable amount is the higher of fair value less costs to sell and value in use.

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.

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.

**1 Accounting policies**

**(Continued)**

**1.6 Cash at bank and in hand**

Cash at bank and in hand 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.

**1.7 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.

***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.



**1 Accounting policies**

**(Continued)**

***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.

***Basic financial liabilities***

Basic financial liabilities, including creditors and bank loans, 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.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

**1.8 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.

**1.9 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.

**1 Accounting policies**

**(Continued)**

***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.

**1.10 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.

**1.11 Retirement benefits**

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to the scheme are charged to the profit and loss account in the period to which they relate. The contributions are invested separately from the company's assets.

**1.12 Leases**

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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

## 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.

#### ***Assessing indicators of impairment***

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no material indicators of impairments identified during the current financial year other than in respect of bad and doubtful trade debtor balances recognised in the financial statements

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### ***Recoverability of receivables***

When needed management will establish a provision for receivables which are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables and past experiences of recoverability.

#### ***Determining residual and useful economic life of tangible assets.***

The company depreciates tangible assets over their estimated useful lives. The estimation on the useful live of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programs.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

**3 Turnover and other revenue**

An analysis of the company's turnover is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by class of business</b>		
Debt Collection	20,349,229	18,825,363
	<u>                    </u>	<u>                    </u>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Other significant revenue</b>		
Interest income	8,108	3,983
Rent received	40,000	60,581
	<u>                    </u>	<u>                    </u>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by geographical market</b>		
United Kingdom	20,349,229	18,825,363
	<u>                    </u>	<u>                    </u>

**4 Exceptional costs/(income)**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Management buy-out expenditure	-	137,606
	<u>                    </u>	<u>                    </u>

The costs in the prior year have arisen as a result of a management buy-out which occurred during the year ended 31 December 2018. In order to complete the management buy-out, advisory and consultancy costs were required which are outside the normal course of business and are disclosed separately for this purpose.

**5 Operating profit**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	19,750	18,100
Depreciation of owned tangible fixed assets	293,775	299,592
Profit on disposal of tangible fixed assets	(18,689)	(16)
Operating lease charges	165,083	197,290
	<u>                    </u>	<u>                    </u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

**6 Employees**

The average monthly number of persons (including directors) employed by the company during the year was 88 (2018 - 85)

	2019 Number	2018 Number
Director's	8	8
Bailiff's	15	15
Admin	53	49
Sales & Marketing	12	12
	<u>88</u>	<u>84</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	3,633,737	3,163,768
Social security costs	413,170	382,770
Pension costs	49,257	27,856
	<u>4,096,164</u>	<u>3,574,394</u>

**7 Directors' remuneration**

	2019 £	2018 £
Remuneration for qualifying services	1,233,557	1,218,727
Company pension contributions to defined contribution schemes	12,556	-
	<u>1,246,113</u>	<u>1,218,727</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 8 (2018 - 8). The directors are also considered to be the key management personnel.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

**7 Directors' remuneration** **(Continued)**

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	185,230	192,246

**8 Interest receivable and similar income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	8,108	3,983

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	8,108	3,983
--	-------	-------

**9 Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	772,811	985,719
<b>Deferred tax</b>		
Origination and reversal of timing differences	11,608	876
<b>Total tax charge</b>	<b>784,419</b>	<b>986,595</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

## 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	5,381,881	5,382,303
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	1,022,557	1,022,638
Tax effect of expenses that are not deductible in determining taxable profit	14,802	44,002
Adjustments in respect of prior years	(14,075)	-
Group relief	(238,865)	(82,105)
Permanent capital allowances in excess of depreciation	-	1,184
Deferred tax adjustments	-	876
Taxation charge for the year	784,419	986,595
<b>10 Dividends</b>	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Interim paid	3,000,000	3,058,140

NEWLYN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2019	1,285,500	77,704	507,570	1,870,774
Additions	258,380	3,971	30,096	292,447
Disposals	(140,035)	(3,650)	(52,943)	(196,628)
At 31 December 2019	1,403,845	78,025	484,723	1,966,593
<b>Depreciation and impairment</b>				
At 1 January 2019	823,016	30,359	317,015	1,170,390
Depreciation charged in the year	221,812	8,213	63,750	293,775
Eliminated in respect of disposals	(120,255)	(3,650)	(45,890)	(169,795)
At 31 December 2019	924,573	34,922	334,875	1,294,370
<b>Carrying amount</b>				
At 31 December 2019	479,272	43,103	149,848	672,223
At 31 December 2018	462,484	47,345	190,555	700,384

12 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,728,332	2,614,672
Amounts owed by group undertakings	2,925,510	2,326,752
Other debtors	6,112	140,779
Prepayments and accrued income	131,754	217,207
	5,791,708	5,299,410

Included within trade debtors is an amount of £1,958,757 (2018 - £1,931,532) designated client money (note 13).

The bank holds a £50,000 bond against the client money balance by way of security.



**NEWLYN PLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**13 Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	2,165,040	2,148,851
Amounts owed to group undertakings	787,205	-
Corporation tax	335,459	484,730
Other taxation and social security	395,103	372,363
Other creditors	44,672	7,940
Accruals and deferred income	989,126	722,716
	<u>4,716,605</u>	<u>3,736,600</u>

Included within trade creditors is an amount of £1,958,757 (2018 - £1,931,532) designated client money (note 12).

The bank holds a £50,000 bond against the client money balance by way of security.

**14 Provisions for liabilities**

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
Deferred tax liabilities	<b>15</b>	49,072	37,464
		<u>49,072</u>	<u>37,464</u>

**15 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	<b>Liabilities</b>	<b>Liabilities</b>
	<b>2019</b>	<b>2018</b>
<b>Balances:</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	49,072	37,464
	<u>49,072</u>	<u>37,464</u>

**15 Deferred taxation** (Continued)

	2019
Movements in the year:	£
Liability at 1 January 2019	37,464
Charge to profit or loss	11,608
	49,072
Liability at 31 December 2019	49,072

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature.

**16 Retirement benefit schemes**

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	49,257	27,856
	49,257	27,856

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**17 Share capital**

	2019	2018
Ordinary share capital	£	£
Issued and fully paid		
51,000 Ordinary Shares of £1 each	51,000	51,000
	51,000	51,000

**18 Operating lease commitments****Lessee**

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

	2019	2018
	£	£
Within one year	155,200	155,200
Between two and five years	486,654	521,067
In over five years	1,260,000	1,370,000
	1,901,854	2,046,267

**19 Events after the reporting date**

At the date of the approval of these financial statements the UK Government had announced a range of measures to address the COVID-19 pandemic, that is having a significant detrimental impact on the social and financial economies of the world. The impact of COVID-19 and the measures the UK Government have announced are likely to have a significant detrimental impact on the operations of the company for the forthcoming period and potentially throughout 2020.

The duration of the measures announced to tackle the COVID-19 pandemic have not been defined and there is considerable uncertainty in measuring the potential impact of the measures on the company. These factors and any future policy announcements by the UK Government are largely outside of the control of the company's directors, but could have a significant impact on the company.

As set out in the Directors' Responsibilities Statement on page 4, in preparing these financial statements the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. In satisfaction of this responsibility the directors have considered their expectations for the company over the next 12 months and the company's ability to meet its liabilities as they fall due, based upon the information available to the directors at the date of these financial statements.

At the time of approving the financial statements, the directors therefore have a reasonable expectation that the company has adequate resources to contend with the uncertainties that may arise as a result of the UK Governments ongoing strategies for tackling the COVID-19 pandemic, and to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements

**20 Related party transactions**

The company has taken advantage of the exemption conferred by paragraph 33.1A of FRS 102 "Related Party Disclosures" not to disclose transactions with other group entities, whose voting rights are 100% controlled within the group, and where consolidated financial statements of the group are publicly available.

During the year the company entered into transactions with two related parties, by virtue of mutual directors. At the year end the company owed a related party £3,921 (2018: £3,428). The company was owed by a related party £5,139.

**21 Directors' transactions**

Throughout the year the directors maintained a loan account with the company. At the balance sheet date, the company owed the directors £32 (2018 - £134).

**22 Ultimate controlling party**

The ultimate controlling party of the entity is Newlyn Group Holding Ltd, the parent company.

The registered office of Newlyn Group Holding Ltd is 3 Acorn Business Centre, Northarbour Road, Cosham, Portsmouth, PO6 3TH.