

Registered number: 06742453

## **Ascent Performance Group Limited**

**Annual report and financial statements  
for the year ended 30 April 2022**

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# Ascent Performance Group Limited

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# Ascent Performance Group Limited

## Strategic report

The directors present their annual report and the audited financial statements for the year ended 30 April 2022. In preparing this report, the directors have complied with S414c of the Companies Act 2006.

### Principal activities

The company's principal activity is the financial rehabilitation of customers, debt collection, debt recovery and claims support services.

### Review of the business

The results for the year and financial position of the company are as shown on page 11 to 33 in the financial statements.

Company revenues for the year ended 30 April 2022 decreased by 18% to £10.0m (2021: £12.1m). As a specialist law firm and financial services business providing arrears management, the market conditions remained challenging in the year with the effect of the Covid-19 pandemic in particular leading to a suspension across the market of many of the company's normal activities for a material proportion of the year. The additional outsourced contracts finished in December 2021 & March 2022, with the contractual revenues declining monthly prior to this period. As the year drew towards a close, the company's previous services gradually began to return however not yet to the same quantum as pre Covid.

To mitigate the impact of the outsourcing contract cessation Ascent incurred £0.4m of restructure costs.

Loss after tax was £0.6m (2021: profit as restated £0.4m), decreasing the Shareholders' funds to £4.7m for the year ended 30 April 2022 (year ended 30 April 2021 as restated: £5.3m). The reduction in profit for the financial year has been largely driven by the loss of the outsourcing contract and restructuring costs.

A continuous compliance and improvement cycle is operated; constantly reviewing the business to ensure it operates ethically and delivers a quality service to our customers and clients while always focusing on compliance standards throughout our account lifecycle and customer's journey. Treating customers fairly is a focus for the industry and the company puts the customer firmly at the centre of the business and the heart of every transaction. The company continues to invest significant amounts of time, money and effort into driving forwards a strong compliance agenda.

The average number of employees increased to 173 for the year ended 30 April 2022 (year ended 30 April 2021: 154). The Company expects this number to decrease in 2023, and increase again in future years as the company grows. The increase in number of employees for the financial year has been driven by servicing the outsourcing contract, this average was reduced during the final quarter as various colleagues affected by this contract cessation either exited the business voluntarily to pursue other opportunities, were redeployed into vacancies or were made redundant.

### Key performance indicators

Detailed objectives and financial budgets are set each year, and actual results are closely monitored against these on a monthly basis. Key performance indicators used include revenue (as stated above), gross profit (as stated) and turnover per employee that reduced by 27% to £57,519 (2021: £78,741). Despite an increase in employees, revenue was lower due to challenging market conditions as mentioned in the review of the business. The objective is for this to improve based on expected revenue growth and efficiency improvement projects.

As an FCA regulated business the company is required to maintain at all times, appropriate liquidity resources, including capital resources, defined as net assets less total intangibles assets. The company's capital resources decreased by £0.5m to £4.7m (2021 as restated: £5.3m). The thresholds vary depending on the total value of our regulated income, and liquidity levels determined as reasonable following financial performance scenario stress testing.

They have been complied with during the year and are expected to be complied with in the foreseeable future.

### Principal risks and uncertainties

Risks are considered and reviewed by the risk committee and the board on an on-going basis. The principal risks and uncertainties are set out below.

# Ascent Performance Group Limited

## Strategic report (continued)

### Principal risks and uncertainties (continued)

The skills and processes employed by the business are key to its performance and its ability to retain existing business and attract new business. Whilst many of the processes are system driven, loss of key individuals could impact the company's results. Replacement of key individuals with the required set of skills could be a time-consuming and expensive process. Succession plans are in place for key individuals.

The quality of staff is crucial to the company's activities. The risk committee and board regularly monitor this to ensure clients receive a quality, competitive service. Staff training is undertaken both internally and externally, and the company encourages its employees to undertake Continuing Professional Development.

Financial market conditions and movements are outside the control of the business. The company regularly assesses its abilities to react to movements in these to ensure client requirements can be met in the appropriate manner.

The company has a dedicated risk and compliance function to deal with day-to-day matters regarding ongoing compliance with applicable laws and regulations.

Clients also perform periodic compliance audits and reviews. The company addresses all recommendations arising from such audits and reviews. The board has also established a risk committee to oversee the company's risk management activities.

The company is dependent on its IT and telephony systems to deliver service to its clients; the company assesses the appropriateness of these systems on a regular basis to ensure they are fit for purpose. All electronic data is backed up regularly and stored off site and duplicate core servers are operated from an alternative location, which can be accessed over a secure internet connection. The company has a documented disaster recovery plan.

Failure to address any of the above risks could lead to loss of reputation and potentially loss of clients thus reducing revenues or increasing costs in rectifying issues. The board considers that the company employs sufficient controls and procedures to mitigate such risks. Additionally, as part of its Financial Conduct Authority obligations, the company has to report on its internal capital adequacy quarterly.

This process assesses the risk the company is exposed to, determines the level of capital that should be held to satisfy regulatory requirements, and how the company stress tests its ability to withstand the impact of extreme events.

The impact of Covid 19 on the business has been significant following the suspension of core work driven by Government, regulators and clients since March 2020, though this has now been relaxed and the company is once more undertaking its core services. Longer term the core business is likely to recover fully and the directors consider the business should benefit from the probable recession. In scenario planning the business remains a going concern with existing cash reserves alongside revenue from new and unaffected activity.

### Strategy and likely future developments

The directors intend that the future business continues to grow the revenue and profits through a combination of the growth of business with existing clients, take-on of new clients, the development of new product lines and the acquisition of suitable compatible businesses.

There have been no material post balance sheet events to report.

### Section 172 (1) statement

In accordance with section 172 of the Companies Act 2006, the Directors of the company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

# Ascent Performance Group Limited

## Strategic report (continued)

### Section 172 (1) statement (continued)

The company structures its objectives around 4 strategic pillars: Clients, Colleagues, Communities, and Finance, Risk and Compliance. The following sets out how the Directors interpret these 4 pillars in accordance with the above responsibilities, and some examples of how the company demonstrates these in practice.

Strategic pillar	Examples of engagement	Why it matters
Clients	<ul style="list-style-type: none"> <li>Seeking customer feedback via Trustpilot</li> <li>Obtaining client feedback through audits and relationship meetings</li> <li>Investment in operational leadership, training and quality management to ensure fair customer outcomes</li> </ul>	<ul style="list-style-type: none"> <li>The Directors believe delivering exceptional client service is fundamental to the company's continuing success</li> <li>Understanding and reacting to clients' needs, both current and in future, is pivotal in meeting this goal</li> </ul>
Colleagues	<ul style="list-style-type: none"> <li>Providing clear career paths within a benchmarked career framework</li> <li>Linking reward to performance across a number of quantitative and qualitative measures</li> <li>Empowering colleagues to deliver improvements through training and delegated responsibilities</li> <li>Seeking feedback from colleagues through regular Great Place to Work surveys</li> </ul>	<ul style="list-style-type: none"> <li>The Directors recognise that colleagues are at the heart of the business and strive to value everyone for who they are and what they bring</li> <li>Gathering feedback and building an inclusive business supports engagement and encourages colleagues to be the best they can be</li> </ul>
Communities	<ul style="list-style-type: none"> <li>Giving all colleagues two days paid volunteering leave annually</li> <li>Actively engaging with Group-wide fundraising activities in partnership with the Irwin Mitchell Charities Foundation</li> <li>Signing up to diversity charters, including Women in Finance</li> <li>Maintaining positive supplier relationships via prompt payment and regular two-way service reviews</li> <li>Committing to improve the impact of the company on the environment</li> </ul>	<ul style="list-style-type: none"> <li>The Directors strongly support the principles of corporate responsibility, including promoting inclusion, driving sustainability, and helping the wider community, and recognise the power the company has to deliver positive change in all these areas</li> </ul>
Finance, Risk and Compliance	<ul style="list-style-type: none"> <li>Reporting data promptly and accurately to regulatory bodies</li> <li>Actively engaging with industry bodies to support the effective roll-out of new regulations</li> <li>Engaging with Big 4 audit firms and other experienced external professional advisers to ensure high levels of compliance</li> <li>Regular reviews of material risks and development of effective mitigation plans</li> <li>Restructure and redeployment of colleagues following cessation of certain outsourcing work to right size the business</li> </ul>	<ul style="list-style-type: none"> <li>The Directors are focussed on the facts that the company can only be sustainable and successful, and deliver the expected value to all stakeholders if risks are managed effectively, clients are protected by the highest standards of regulatory compliance, and financial targets are met.</li> </ul>

As an example of how the Directors have met their responsibilities under section 172 in the company, as part of the wider Irwin Mitchell Group, conducted an extensive exercise to benchmark all colleague roles against appropriate externally sourced data. This was done in response to feedback collected by the Group from colleagues via Great Place to Work surveys around a desire for increased clarity in the areas of reward and progression.

# Ascent Performance Group Limited

## Strategic report (continued)

### Section 172 (1) statement (continued)

The Group has developed and rolled-out a multi-strand career framework to provide colleagues with clear insight as to their current position and future career progression options within the Group, and to set standards and expectations around reward, supporting line managers in delivering appropriate and fair outcomes for their teams.

Approved by the Board on ...31/08/22..... and signed on its behalf by:



.....  
M Higgins  
Chairman

# Ascent Performance Group Limited

## Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 30 April 2022.

In accordance with s414(C) (11) of the Companies Act, included in the Strategic Report is information relating to business review and future developments which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulation 2008' to be contained in a Director's Report.

### Directors of the company

The directors who held office during the year and until the date of this report, unless otherwise stated, were as follows:

M Higgins  
N P Gilhooley (Resigned on 18 January 2022)  
G D Walker  
M J Egglenton

The Company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

### Results

The results for the year are shown on the Statement of Comprehensive Income on page 11. The loss after taxation was £558,511 (2021 as restated: profit £349,816). No dividends were declared or proposed in the current or previous year. Net assets as at the year-end were £4,272,803 (2021 as restated: £5,286,314). The results for the year are discussed in detail within the strategic report on page 1.

Future developments are discussed in the strategic report on page 1.

### Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence throughout the going concern period to September 2023. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

The Company is a member of the Irwin Mitchell Holdings Limited group of companies ("the Group") whose ultimate parent entity is Irwin Mitchell Holdings Limited ("IMH"). The Company benefits from Group support when needed. The going concern assessment has been completed at a Group level, in which the Company is consolidated. The directors of Ascent Performance Group Limited are satisfied that the Company is able to continue as a going concern on this basis. In addition, the directors have received confirmation that the parent, IMH, will provide support to the Company throughout the going concern period, should it be required.

The Group meets its day to day working capital requirements primarily through available cash and cash equivalent balances, which stand at £52.4m at April 2022. The Group also has access to a committed £50m combined revolving credit and overdraft facility ('RCF'), neither of which have been drawn down at any point during the year. The RCF is committed through to August 2025. The ongoing availability of borrowing facilities is dependent upon continued compliance with associated banking covenants and compliance was maintained throughout the year, and is expected to be comfortably maintained for the foreseeable future.

The Group's Financial Continuity Committee ('FCC') meet at least monthly to discuss latest Group cash flow projections extending throughout the going concern period. The projections are developed, reviewed and updated regularly by senior management across the Group with Divisional CEOs. Group Company Directors and Group Services Directors are all involved in forecasting and reviewing actual spend and trading pipelines. The most recent projections show the Group as remaining cash positive and significantly profitable throughout the going concern period. This amount of headroom on availability facilities is considered highly likely to be adequate to enable the business to continue in operation and support growth plans for the foreseeable future.

Management have stress tested the base case SGP by modelling a plausible but severe downside scenario, considered to be a 10% reduction in revenue and cash collections (offset by corresponding impacts on corporation tax and bonus payments). This scenario is considered sufficiently unlikely on the basis that management has good visibility over the future income stream and that the Group has demonstrated its resilience to short and medium term macro-economic

# Ascent Performance Group Limited

## Directors' report (continued)

### Going concern (continued)

instability through the COVID-19 pandemic. The impact of the plausible but severe downside scenario, if unmitigated and when modelled throughout the going concern period, would likely result in a utilisation of the borrowing facilities but with liquidity headroom at all times exceeding £49m and sufficient headroom on all banking covenants.

Management have performed a reverse stress test and determined that a very severe unmitigated reduction in trading performance would be required to remove all headroom on available facilities and covenant calculations. Based upon their assessment of the forecasts described above the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company does not use derivative financial instruments for risk management or speculative purposes. Ascent Performance Group Limited does not have any branches outside the UK.

### Credit risk

The Company's principal financial assets are bank balances, cash and loans, trade and other receivables, and investments. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is minimised because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

### Cash flow and interest rate risk

The Company's activities expose it to the financial risks of changes in interest rates. The Company does not use interest rate swap contracts to hedge these exposures. A liquidity review is completed at least annually, including a review of any financing arrangements to reduce this risk where possible. The Company does not consider that it is exposed to significant exchange rate risk. Working capital is managed at a Group level with funding provided via intercompany balances as necessary.

### Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, all cash is held at call and loans made are repayable upon demand.

### Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP were not reappointed when their term of office in relation to April 2021 came to an end. The directors appointed Ernst & Young LLP as auditor for year ended 30 April 2022. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Approved by the Board on .....31/08/22..... and signed on its behalf by:



.....  
M Higgins  
Chairman

# Ascent Performance Group Limited

## Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 101"). 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (and in respect of the parent company financial statements, Section 10 of FRS 101) and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not 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 company and 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

# Ascent Performance Group Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASCENT PERFORMANCE GROUP LIMITED

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Ascent Performance Group Limited for the year ended 30 April 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 21, 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 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view 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 until at least the end of the going concern period at September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### 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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

# Ascent Performance Group Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASCENT PERFORMANCE GROUP LIMITED (CONTINUED)

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

## Ascent Performance Group Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASCENT PERFORMANCE GROUP LIMITED (CONTINUED)

#### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)*

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the financial reporting framework (FRS 101), Financial Conduct Authority ("FCA"), Solicitor's Regulation Authority ("SRA"), Listing Rules and UK Tax Legislation.
- We understood how Ascent Performance Group Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and papers provided to the Audit Committee, as well as observation in those Audit Committee meetings and consideration of the results of our audit procedures across the company. We also obtained and reviewed the latest correspondence with the FCA.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by assessing the risk of fraud absent of controls, and then identifying controls which are in place at the entity level and whether the design of those controls is sufficient for the prevention and detection of fraud, utilising internal and external information to perform our fraud risk assessment. We considered the risk of fraud through management override and considered the design and implementation of controls at the financial statement level to prevent this, as well as incorporating data analytics across manual journal entries into our audit approach, which was designed to provide reasonable assurance that the financial statements were free from material fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business; enquiries of compliance officer and management. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards and UK legislation.
- Ascent Performance Group is regulated by the FCA. We have reviewed the correspondence and submissions to the FCA alongside assessing the control environment and any impact that regulatory matters might have on the financial statements, including management's commentary within the Strategic Report, principally within Risks and Uncertainties and Key Performance indicators.

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

#### **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.

*Ernst & Young LLP*

**Victoria Venning (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester  
31 August 2022**

## Ascent Performance Group Limited

### Statement of Comprehensive Income For the year ended 30 April 2022

	Note	2022 £	2021 £ as restated (note 21)
<b>Revenue</b>	3	9,950,811	12,126,167
Cost of sales		(610,619)	(36,658)
<b>Gross profit</b>		<u>9,340,192</u>	<u>12,089,509</u>
Staff costs	6	(6,885,663)	(6,471,313)
Administrative expenses		(3,107,929)	(5,125,119)
Other income	3	-	100,526
<b>Operating (loss)/profit</b>	4	<u>(653,400)</u>	<u>593,603</u>
Interest receivable and similar income	8	5,715	395
Interest payable and similar charges	9	-	(265)
<b>(Loss)/Profit before taxation</b>		<u>(647,685)</u>	<u>593,733</u>
Tax on (loss)/profit	10	89,174	(243,917)
<b>(Loss)/Profit for the financial year attributable to the equity shareholders of the Company</b>		<u>(558,511)</u>	<u>349,816</u>

Revenue and operating profit derive wholly from continuing operations.

The Company has no recognised gains or losses for the current or preceding financial year other than the results shown above. Accordingly, a separate Statement of Comprehensive Income is not presented.


# Ascent Performance Group Limited

## Statement of Financial Position

As at 30 April 2022

	Note	2022 £	2021 £ as restated (note 21)	2020 £ as restated (note 21)
<b>Non-current assets</b>				
Intangible assets	11	15,201	102,237	651,150
Investments	12	43,490	43,490	-
		<u>58,691</u>	<u>145,727</u>	<u>651,150</u>
<b>Current assets</b>				
Trade and other receivables	13	2,687,795	3,505,294	4,078,327
Cash and cash equivalents		3,284,014	3,984,547	1,659,029
		<u>5,971,809</u>	<u>7,489,841</u>	<u>5,737,356</u>
<b>Current liabilities</b>				
Trade and other payables	14	(1,073,760)	(1,876,941)	(1,096,397)
Taxation and social security		(228,937)	(427,771)	(340,451)
		<u>(1,302,697)</u>	<u>(2,304,712)</u>	<u>(1,436,848)</u>
<b>Net current assets</b>		<u>4,669,112</u>	<u>5,185,129</u>	<u>4,300,508</u>
<b>Total assets less current liabilities</b>		<u>4,727,803</u>	<u>5,330,856</u>	<u>4,951,658</u>
<b>Provisions for liabilities</b>				
Deferred tax liabilities	15	-	(44,542)	(15,160)
<b>Net assets</b>		<u>4,727,803</u>	<u>5,286,314</u>	<u>4,936,498</u>
<b>Equity</b>				
Called-up share capital	16	100	100	100
Retained earnings		4,727,703	5,286,214	4,936,398
<b>Total equity</b>		<u>4,727,803</u>	<u>5,286,314</u>	<u>4,936,498</u>

The financial statements of Ascent Performance Group Limited (registered number 06742453) were approved by the board of directors and authorised for issue on .....31/08/22..... They were signed on its behalf by:

  
.....  
M Higgins  
Chairman

The notes on pages 14 to 33 form part of the financial statements.

## Ascent Performance Group Limited

### Statement of changes in equity

For the year ended 30 April 2022

	Note	Called-up share capital £	Retained earnings £	Total £
<b>At 1 May 2020</b>		100	4,862,383	4,862,483
IFRS transitions adjustments	21	-	74,015	74,015
<b>At 1 May 2020 (as restated)</b>		<u>100</u>	<u>4,936,398</u>	<u>4,936,498</u>
Profit for the financial year being total comprehensive income (as restated – note 21)		-	349,816	349,816
<b>At 30 April 2021 (as restated)</b>		<u>100</u>	<u>5,286,214</u>	<u>5,286,314</u>
Loss for the financial year being total comprehensive income		-	(558,511)	(558,511)
<b>At 30 April 2022</b>		<u>100</u>	<u>4,727,703</u>	<u>4,727,803</u>

The notes on pages 14 to 33 form part of the financial statements.

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

#### *a. General information and basis of accounting*

Ascent Performance Group Limited is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is incorporated and registered in England and Wales. The address of the registered office is Riverside East, 2 Millsands, Sheffield, S3 8DT. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 4.

These financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("UK Adopted International Accounting Standards"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

During the year, the Company transitioned from FRS 102 to FRS 101, with a transition date of 1 May 2019. In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 21.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations – business combinations that took place prior to 1 May 2019 have not been restated.

The functional currency of Ascent Performance Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Ascent Performance Group Limited meets the definition of a qualifying entity under FRS 101 and has therefore taken advantage of the following disclosure exemptions available to it in respect of its separate financial statements:

- The requirements of IAS 7 'Statement of Cash Flows' to present a statement of cash flows;
- Disclosure of key management personnel compensation;
- The requirement of IAS 24 'Related Party Disclosures' to disclose related party transactions and balances between two or more members of a group;
- Comparative period reconciliations for the carrying amounts of property, plant and equipment and intangible assets;
- An additional Statement of Financial Position for the beginning of the earliest comparative period following transition to IFRS; and
- Disclosures required by IFRS 7 Financial Instrument Disclosures.

Where required equivalent disclosures are given in the Group accounts of Irwin Mitchell Holdings Limited. The Group accounts are available to the public and can be obtained as set out in note 20.

Subsidiary undertakings have not been consolidated by Ascent Performance Group Limited as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Irwin Mitchell Holdings Limited, whose financial statements may be obtained from the Registrar of Companies Registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 1. Accounting policies (continued)

#### *b. Going concern*

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence throughout the going concern period to September 2023. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

The Company is a member of the Irwin Mitchell Holdings Limited group of companies ("the Group") whose ultimate parent entity is Irwin Mitchell Holdings Limited ("IMH"). The Company benefits from Group support when needed. The going concern assessment has been completed at a Group level, in which the Company is consolidated. The directors of Ascent Performance Group Limited are satisfied that the Company is able to continue as a going concern on this basis. In addition, the directors have received confirmation that the parent, IMH, will provide support to the Company throughout the going concern period, should it be required.

The Group meets its day to day working capital requirements primarily through available cash and cash equivalent balances, which stand at £52.4m at April 2022. The Group also has access to a committed £50m combined revolving credit and overdraft facility ('RCF'), neither of which have been drawn down at any point during the year. The RCF is committed through to August 2025. The ongoing availability of borrowing facilities is dependent upon continued compliance with associated banking covenants and compliance was maintained throughout the year, and is expected to be comfortably maintained for the foreseeable future.

The Group's Financial Continuity Committee ('FCC') meet at least monthly to discuss latest Group cash flow projections extending throughout the going concern period. The projections are developed, reviewed and updated regularly by senior management across the Group with Divisional CEOs. Group Company Directors and Group Services Directors are all involved in forecasting and reviewing actual spend and trading pipelines. The most recent projections show the Group as remaining cash positive and significantly profitable throughout the going concern period. This amount of headroom on availability facilities is considered highly likely to be adequate to enable the business to continue in operation and support growth plans for the foreseeable future.

Management have stress tested the base case SGP by modelling a plausible but severe downside scenario, considered to be a 10% reduction in revenue and cash collections (offset by corresponding impacts on corporation tax and bonus payments). This scenario is considered sufficiently unlikely on the basis that management has good visibility over the future income stream and that the Group has demonstrated its resilience to short and medium term macro-economic instability through the COVID-19 pandemic. The impact of the plausible but severe downside scenario, if unmitigated and when modelled throughout the going concern period, would likely result in a utilisation of the borrowing facilities but with liquidity headroom at all times exceeding £49m and sufficient headroom on all banking covenants.

Management have performed a reverse stress test and determined that a very severe unmitigated reduction in trading performance would be required to remove all headroom on available facilities and covenant calculations. Based upon their assessment of the forecasts described above the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *c. Intangible assets – goodwill*

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested at least annually for impairment or where indicators of impairment are present.

#### *d. Intangible assets – software*

Intangible fixed assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is provided on all intangible fixed assets on a straight line basis over the shorter of the expected useful life or the length of the associated licence. Amortisation is provided on the software so as to write off the cost over the expected useful economic life of 3 to 4 years, and is presented within Administrative expenses in the Statement of Comprehensive Income.

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 1. Accounting policies (continued)

#### *e. Financial instruments*

##### *i. Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### *ii. Classification and subsequent measurement*

#### *Financial assets*

##### *(a) Classification*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

##### *(b) Subsequent measurement and gains and losses*

*Financial assets at amortised cost* - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### *Financial liabilities and equity*

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 1. Accounting policies (continued)

#### *e. Financial instruments (continued)*

##### *iii. Impairment*

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

#### *Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

#### *f. Impairment of non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 1. Accounting policies (continued)

#### *f. Impairment of non-financial assets (continued)*

other assets or groups of assets (the “cash-generating unit”). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or (“CGU”). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### *g. Taxation*

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 1. Accounting policies (continued)

#### *h. Revenue*

Under IFRS 15, revenue is recognised either over time or at a point in time. The model uses a contract based five-step analysis of transactions to determine when, and how much, revenue is recognised; this includes the matching of stand-alone process for services provided to the satisfaction of performance obligations. The Company considers that there is one contract type in issue in the performance of the Company's legal services, being non-contingent contracts.

#### *Non-contingent fee arrangements*

For non-contingent fee arrangements contracts with customers have a single performance obligation being the provision of financial asset services in respect of one particular matter.

Where work is performed under non-contingent fee arrangements revenue is recognised at point in time in line with the milestone or stage of completion reached as at the reporting date.

We are satisfied there is no significant financing component present in non-contingent fee arrangement contracts as such contracts are billed on a regular basis.

#### *Recognition of contract assets and liabilities*

The standard requires both contract assets and liabilities to be recognised. IFRS 15 requires that when an entity has an unconditional right to consideration then at this point the contract asset would become a trade receivable regardless of whether a bill has been issued. However, the Company does not consider the right to be unconditional until the point of billing at which point the fee amount has been agreed and confirmed with the customer. Therefore, these unbilled amounts are recognised as contract assets as opposed to trade receivables. The Company has also recognised a contract liability under the standard that represents the amount of income that has been invoiced in advance of the service being performed.

#### *i. Interest receivable*

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### *j. Employee benefits*

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

#### *k. Foreign currency*

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 1. Accounting policies (continued)

#### *1. Government grants*

In response to the Covid-19 pandemic the company took advantage of the Coronavirus Job Retention Scheme which resulted in the company receiving a government grant to cover the salary costs of a number of employees. The receipt of £nil (2021: £100,526) was recognised in the Statement of Comprehensive Income under other income with the balance due from the government recognised as an asset and offset against the other taxation and social security amounts due.

### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Critical judgements in applying the Company's accounting policies*

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### *Impairment of goodwill and other receivables*

Determining whether goodwill and other assets are impaired is based on objective evidence that, as a result of one or more events that occurred after initial recognition. A review of potential triggers of impairment could create the need to produce a discounted cash flow and so is considered an area of critical accounting judgement.

#### *Key source of estimation uncertainty*

#### *Disbursement provisioning*

Where possible, provisions for irrecoverable disbursements are identified on a case by case basis. However, certain areas require a provision to be calculated on a percentage basis. This is considered to be a key source of estimation uncertainty. For the current year a provision of £31,961 (2021: £34,824) has been recorded.

### 3. Revenue

During both the current and prior years, only one class of business was conducted. Of the bills raised in the year 0.8% and 0% (2021: 1.5% and 0%) were to European and USA customers respectively, with the remaining 99.2% (2021: 98.5%) being to customers within the United Kingdom.

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

	2022	2021
	£	£
Rendering of services	9,950,811	12,126,167

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 3. Revenue (continued)

The geographical analysis of revenue is as follows:

	2022 £	2021 £
United Kingdom	9,871,204	11,944,274
International	79,607	181,893
	<u>9,950,811</u>	<u>12,126,167</u>

### Other income

	2022 £	2021 £
Government grant income	-	100,526
	<u>-</u>	<u>100,526</u>

### 4. Operating (loss)/profit

	2022 £	2021 £ as restated (note 21)
This is stated after charging/(crediting):		
Impairment of investment	-	8,867
Impairment of goodwill	66,780	618,733
Amortisation of software	20,256	24,850
Government grants - furlough	-	(100,526)
	<u>-</u>	<u>641,824</u>

### 5. Auditor's remuneration

Fees payable for the audit of the company's annual financial statements were £11,000 (2021: £18,535). The auditor in the year ended 2021 was Deloitte LLP and therefore the fees in 2021 relate to payments for their services. The auditor for the year ended 2022 is Ernst & Young LLP and therefore the fees disclosed relate to payments for their services. There were no non-audit fees paid to the auditors in either year. No services were provided pursuant to contingent fee arrangements.

### 6. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2022 Number	2021 Number
Administration and support	24	22
Sales	149	132
	<u>173</u>	<u>154</u>

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 6. Staff numbers and costs (continued)

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	5,899,117	5,492,340
Social security costs	591,992	630,173
Pension costs	394,554	348,800
	<u>6,885,663</u>	<u>6,471,313</u>

### 7. Directors' remuneration and transactions

	2022 £	2021 £
<i>Directors' remuneration</i>		
Emoluments	746,794	482,578
Company contributions to money purchase pension schemes	11,820	12,246
	<u>758,614</u>	<u>494,824</u>

#### The number of directors who:

Are members of a money purchase pension scheme

	2022 Number	2021 Number
	2	2

#### Remuneration of the highest paid director:

Emoluments  
Company contributions to money purchase pension schemes

	2022 £	2021 £
Emoluments	428,344	333,272
Company contributions to money purchase pension schemes	-	7,957
	<u>428,344</u>	<u>341,229</u>

The above figures relate to 4 of the listed directors. The remaining directors are remunerated by other group entities and are therefore allocated nil for their services to this company.

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 8. Interest receivable and similar income

	2022 £	2021 £
Bank interest receivable	5,715	395
	<u>5,715</u>	<u>395</u>

### 9. Interest payable and similar charges

	2022 £	2021 £
Bank interest payable	-	265
	<u>-</u>	<u>265</u>

### 10. Tax on (loss)/profit

The tax charge comprises:

	2022 £	2021 £ as restated (note 21)
<b>Current tax on (loss)/profit</b>		
UK corporation tax	(43,150)	214,535
Adjustment in respect of prior years	(1,482)	-
<b>Total current tax</b>	<u>(44,632)</u>	<u>214,535</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(44,542)	29,382
<b>Total deferred tax</b>	<u>(44,542)</u>	<u>29,382</u>
<b>Total tax on (loss)/profit</b>	<u>(89,174)</u>	<u>243,917</u>

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows:

	2022 £	2021 £ as restated (note 21)
<b>(Loss)/Profit before tax</b>	(647,685)	593,733
	<u>(647,685)</u>	<u>593,733</u>
Tax on loss at standard UK corporation tax rate of 19% (2021: 19%)	(123,060)	112,809

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 10. Tax on (loss)/profit (continued)

Effects of:

- Origination and reversal of timing differences	8,996	3,489
- Expenses not deductible for tax purposes	8,012	124,150
- Adjustments to tax charges in respect of previous periods	16,878	3,468

<b>Total tax (credit)/charge for year</b>	<u>(89,174)</u>	<u>243,917</u>
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The UK corporation tax rate was 19% throughout the year.

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Deferred tax balances at the reporting date are therefore measured at 25% (2021: 19%).

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 11. Goodwill and other intangible assets

	Note	Goodwill £	Software £	Total £
<b>Cost</b>				
At 1 May 2020		1,165,861	77,508	1,243,369
Additions		66,780	27,890	94,670
Disposals		-	(6,000)	(6,000)
At 30 April 2021		1,232,641	99,398	1,332,039
At 1 May 2021		1,232,641	99,398	1,332,039
Disposals		-	(35,893)	(35,893)
At 30 April 2022		1,232,641	63,505	1,296,146
<b>Amortisation</b>				
At 1 May 2020 (as previously stated)		663,715	45,090	708,805
Transition to FRS 101 (note 21)		(116,586)	-	(116,586)
At 1 May 2020 (as restated)		547,129	45,090	592,219
Charge for the year		-	24,850	24,850
Prior year adjustment - Impairment charge (note 21)		618,733	-	618,733
Eliminated on disposal		-	(6,000)	(6,000)
At 30 April 2021 (as restated – note 21)		1,165,861	63,941	1,229,802
At 1 May 2021 (as restated – note 21)		1,165,861	63,941	1,229,802
Charge for the year		-	20,256	20,256
Impairment charge		66,780	-	66,780
Eliminated on disposal		-	(35,893)	(35,893)
At 30 April 2022		1,232,641	48,304	1,280,945
<b>Net book value</b>				
At 30 April 2020 (as restated – note 21)	21	618,733	32,417	651,150
At 30 April 2021 (as restated – note 21)	21	66,780	35,457	102,237
At 30 April 2022		-	15,201	15,201

Goodwill arising from business combinations is not amortised but instead reviewed for impairment at least on an annual basis, or when there are other indications that goodwill could be impaired. Impairment reviews were performed as at each year end date. As a result an impairment of £66,780 relating to Excel Collection and Enquiry Services Limited was recognised in the year ended 30 April 2022.

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 12. Fixed asset investments

#### *Principal Group Investments*

The Company has investments in the following subsidiary undertakings. 100% of the ordinary share capital of Excel Collection and Enquiry Services Limited was acquired on 7 January 2021 for consideration of £87,600. Excel Collection and Enquiry Services Limited is a company incorporated in the UK and its principal activity is the provision of debt counselling services. Its registered address is 2 Millsands, Sheffield, England, S3 8DT.

Due to a series of management decisions made following the acquisition, the value derived from the acquisition now resides in the Company, represented by the reclassification of part of the investment value to goodwill in the prior year.

#### *Subsidiary undertakings*

	£
<b>Cost</b>	
At 1 May 2020	-
Excel Collection and Enquiry Services Limited	119,137
Reclassification to goodwill	(66,780)
Impairment	(8,867)
	<hr/>
At 30 April 2021	43,490
	<hr/> <hr/>
<b>Cost</b>	
At 1 May 2021	43,490
	<hr/>
At 30 April 2022	43,490
	<hr/> <hr/>
<b>Carrying value</b>	
At 30 April 2022	43,490
At 30 April 2021	43,490
At 30 April 2020	-

Subsidiary undertakings have not been consolidated by Ascent Performance Group Limited as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Irwin Mitchell Holdings Limited.

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 13. Trade and other receivables

	Note	2022 £	2021 £ as restated (note 21)	2020 £ as restated (note 21)
Trade receivables		1,059,709	1,757,810	2,234,194
Expected credit loss provision		(15,608)	(18,500)	(59,835)
		<u>1,044,101</u>	<u>1,739,310</u>	<u>2,174,359</u>
Unbilled disbursements (net of impairment and expected credit loss provision)		640,368	95,390	527,725
Amounts owed by group companies		55,257	13,671	6,065
Corporation tax		66,884	-	-
Other debtors		1,554	3,053	-
Amount owed by an associate		8,487	-	121,973
Prepayments		27,402	68,399	99,063
Contract assets		843,742	1,585,471	1,149,142
	21	<u>2,687,795</u>	<u>3,505,294</u>	<u>4,078,327</u>

All amounts are repayable on demand, no interest is payable on amounts owed by group companies.

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ('ECL'). The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. As the Company's historical credit loss experience does not show significantly different loss patterns for different client segments, the provision for loss allowance is based on past due status.

#### Provisions against trade receivables

The ageing of trade receivables (by reference to ultimate due date) and provision for impairment at the reporting date was:

	2022 £	2021 £	2020 £
Trade receivables not past due	519,708	1,489,744	1,366,241
<i>Trade receivables past due</i>			
0-60 days past due	361,619	111,355	258,344
61-150 days past due	126,478	101,624	533,099
More than 151 days past due	51,904	55,088	76,510
Total receivables before impairment	<u>1,059,709</u>	<u>1,757,810</u>	<u>2,234,194</u>

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 13. Trade and other receivables (continued)

	2022 £	2021 £	2020 £
Brought forward provision	18,500	59,835	13,098
Movements in year	(2,892)	(41,335)	46,737
Carried forward provision	<u>15,608</u>	<u>18,500</u>	<u>59,835</u>

### 14. Trade and other payables

	2022 £	2021 £	2020 £
Trade payables	48,385	193,270	74,656
Amounts owed to group companies	561,300	992,579	589,673
Accruals	464,075	691,092	432,068
	<u>1,073,760</u>	<u>1,876,941</u>	<u>1,096,397</u>

All amounts are unsecured and repayable on demand, no interest is payable on amounts owed to group companies.

### 15. Deferred tax

	2022 £	2021 £ as restated (note 21)	2020 £ as restated (note 21)
Deferred tax liability	-	44,542	15,160
	<u>-</u>	<u>44,542</u>	<u>15,160</u>

The following are the deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	Total £
Deferred tax liability at 1 May 2020	(15,160)
<b>Deferred tax movements in prior year</b>	
Transfer to Statement of Comprehensive Income	(27,599)
Effect of change in tax rate – impact on Statement of Comprehensive Income	(1,783)
Deferred tax liability at 30 April 2021	<u>(44,542)</u>
<b>Deferred tax movements in current year</b>	
Transfer to Statement of Comprehensive Income	44,542
Deferred tax liability at 30 April 2022	<u>-</u>

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 16. Called-up share capital and reserves

	2022	2021	2020
	£	£	£
Authorised, allotted, called-up and fully-paid 100 ordinary shares of £1 each	100	100	100

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The Statement of Comprehensive Income represents cumulative profit and losses net of any dividends paid and other adjustments.

### 17. Employee benefits

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The total expense charged to the Statement of Comprehensive Income in the year was £394,554 (2021: £348,800).

### 18. Commitments and contingent liabilities

The Company has no commitments or contingent liabilities at the year end (2021: none).

### 19. Related party transactions

#### *Other related party transactions*

Amounts owed by related parties at the reporting date were £55,257 (2021: £13,671) and amounts owed to related parties were £561,300 (2021: £991,839). These amounts all relate to trading balances. In addition, amounts owed to related party in relation to short term loans amounted to £nil (2021: £nil).

There are no guarantees given or received for the current bank arrangements. Therefore all balances are unsecured and required to be settled in cash.

The Company has taken advantage of the exemption available in FRS 101 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group, which would otherwise be required by IAS 24 'Related party disclosures'. The transactions with related parties were as follows:

	£
Amount owed to Irwin Mitchell LLP by the Company at 30 April 2021	(991,839)
Cash paid to Irwin Mitchell LLP in settlement of opening balance	3,770
Expenses paid by Irwin Mitchell LLP on behalf of the Company	(9,994,273)
Invoices raised by Irwin Mitchell LLP to the Company	(1,410,099)
Income received by Irwin Mitchell LLP on behalf of the Company	(118,285)
Payments made to Irwin Mitchell LLP by the Company	11,949,426
Amount owed to Irwin Mitchell LLP by the Company at 30 April 2022	(561,300)

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 19. Related party transactions (continued)

The transactions with related parties not wholly owned by the Irwin Mitchell Group were as follows:

	£
Amount owed by IMe Law Limited to the Company at 30 April 2021	9,620
Cash paid to IMe Law Limited in settlement of opening balance	10,555
Expenses paid by IMe Law Limited on behalf of the Company	(21)
Invoices raised by IMe Law Limited to the Company	101,410
Income received by IMe Law Limited on behalf of the Company	(6,400)
Payments made to IMe Law Limited by the Company	(106,289)
Amount owed by IMe Law Limited to the Company at 30 April 2022	<u>8,875</u>

	£
Amount owed by Excel Collection and Enquiry Services Limited to the Company at 30 April 2021	4,051
Expenses incurred by the Company on behalf of Excel Collection and Enquiry Services Limited	42,331
Amount owed by Excel Collection and Enquiry Services Limited to the Company at 30 April 2022	<u>46,382</u>

The transactions with related parties who share key management personnel with the Company are as follows:

	£
Amount owed to Irwin Mitchell Scotland LLP by the Company at 30 April 2021	(740)
Expenses paid by Irwin Mitchell Scotland LLP on behalf of the Company	(5,527)
Income received by Irwin Mitchell Scotland LLP on behalf of the Company	(48,673)
Invoices raised by Irwin Mitchell Scotland LLP to the Company	111,301
Payments made to Irwin Mitchell Scotland LLP by the Company	(47,874)
Amount owed by Irwin Mitchell Scotland LLP to the Company at 30 April 2022	<u>8,487</u>

### 20. Controlling party

The company is controlled by Irwin Mitchell Holdings Limited, a company registered in Jersey. The ultimate parent company is Irwin Mitchell Holdings Limited.

The only group in which the results of the company are consolidated is that headed by Irwin Mitchell Holdings Limited whose registered office is 26 New Street, St. Helier, Jersey, JE2 3RA.

# **Ascent Performance Group Limited**

## **Notes to the financial statements**

For the year ended 30 April 2022

### **21. Transition adjustments**

During the year, the Company transitioned from FRS 102 to FRS 101 with a transition date of 1 May 2019. The effect of the transition adjustments is shown below.

During this transition, management noted an error with regard to the impairment assessment performed to support the goodwill balance at 30 April 2021. Projected cashflows supporting the assessment had been erroneously inflated and when corrected results in an impairment.

This is corrected by a prior year restatement to previously reported numbers in these financial statements. The restatement results in a reduction of intangible assets and net assets recognised at 30 April 2021 by £618,733 and a corresponding increase in administrative expenses, and reduction in profit after tax for that year. The restatement had no impact on cashflows.

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 21. Transition adjustments (continued)

#### Reconciliation of equity

	Note	At 1 May 2020			At 30 April 2021			
		Previously reported £	Effect of FRS 101 transition £	As restated £	Previously reported £	Effect of FRS 101 transition £	Prior year adjustment	As restated £
<b>Non-current assets</b>								
Intangible assets	1	534,564	116,586	651,150	487,798	233,172	(618,733)	102,237
Investments		-	-	-	43,490	-	-	43,490
		<u>534,564</u>	<u>116,586</u>	<u>651,150</u>	<u>531,288</u>	<u>233,172</u>	<u>(618,733)</u>	<u>145,727</u>
<b>Current assets</b>								
Trade and other receivables	2	4,105,738	(27,411)	4,078,327	3,504,035	1,259	-	3,505,294
Cash and cash equivalents		1,659,029	-	1,659,029	3,984,547	-	-	3,984,547
		<u>5,764,767</u>	<u>(27,411)</u>	<u>5,737,356</u>	<u>7,488,582</u>	<u>1,259</u>	<u>-</u>	<u>7,489,841</u>
<b>Current liabilities</b>								
Trade and other payables		(1,096,397)	-	(1,096,397)	(1,876,941)	-	-	(1,876,941)
Taxation and social security		(340,451)	-	(340,451)	(427,771)	-	-	(427,771)
		<u>(1,436,848)</u>	<u>-</u>	<u>(1,436,848)</u>	<u>(2,304,712)</u>	<u>-</u>	<u>-</u>	<u>(2,304,712)</u>
<b>Net current assets</b>		<u>4,327,919</u>	<u>(27,411)</u>	<u>4,300,508</u>	<u>5,183,870</u>	<u>1,259</u>	<u>-</u>	<u>5,185,129</u>
<b>Total assets less current liabilities</b>		<u>4,862,483</u>	<u>89,175</u>	<u>4,951,658</u>	<u>5,715,158</u>	<u>234,431</u>	<u>(618,733)</u>	<u>5,330,856</u>
<b>Provisions for liabilities</b>								
Deferred tax liabilities	1,2	-	(15,160)	(15,160)	-	(44,542)	-	(44,542)
<b>Net assets</b>		<u>4,862,483</u>	<u>74,015</u>	<u>4,936,498</u>	<u>5,715,158</u>	<u>189,889</u>	<u>(618,733)</u>	<u>5,286,314</u>
<b>Equity</b>								
Called-up share capital		100	-	100	100	-	-	100
Retained earnings	1,2	4,862,383	74,015	4,936,398	5,715,058	189,889	(618,733)	5,286,214
<b>Total equity</b>		<u>4,862,483</u>	<u>74,015</u>	<u>4,936,498</u>	<u>5,715,158</u>	<u>189,889</u>	<u>(618,733)</u>	<u>5,286,314</u>

# Ascent Performance Group Limited

## Notes to the financial statements

For the year ended 30 April 2022

### 21. Transition adjustments (continued)

#### Reconciliation of profit for the financial period

	Note	Year ended 30 April 2021		
		Previously reported £	Effect of FRS 101 transition £	Prior year adjustment As restated £
<b>Revenue</b>		12,126,167	-	- 12,126,167
Cost of sales	2	(36,658)	-	- (36,658)
<b>Gross profit</b>		<u>12,089,509</u>	<u>-</u>	<u>- 12,089,509</u>
Staff costs		(6,471,313)	-	- (6,471,313)
Administrative expenses	1	(4,651,642)	145,256	(618,733) (5,125,119)
Other income		100,526	-	- 100,526
<b>Operating profit</b>		<u>1,067,080</u>	<u>145,256</u>	<u>(618,733) 593,603</u>
Interest receivable and similar income		395	-	- 395
Interest payable and similar charges		(265)	-	- (265)
<b>Profit before taxation</b>		<u>1,067,210</u>	<u>145,256</u>	<u>(618,733) 593,733</u>
Tax on profit	1,2	(214,535)	(29,382)	- (243,917)
<b>Profit for the financial year attributable to the equity shareholders of the Company</b>		<u>852,675</u>	<u>115,874</u>	<u>(618,733) 349,816</u>

#### Notes to reconciliations

##### 1 Goodwill

The reversal of amortisation of goodwill previously recognised under FRS 102 (2020: £116,586, 2021: £233,172). Goodwill is now tested annually for impairment. The transition adjustment also includes the reversal of the capitalisation of legal fees on the acquisition of Excel Collection and Enquiry Services Limited, and associated deferred tax liability.

##### 2 Adjustments following application of IFRS 9

The adjustment includes recognising the expected credit loss provision on trade receivables, unbilled disbursements and contract assets in line with IFRS 9, together with associated deferred tax impact.

Replacement of bad debt provision with an Expected Credit Loss provision against trade receivables, and the inclusion of an Expected Credit Loss provision against gross disbursement receivables and contract assets (2020: £27,411, 2021: £(1,259)), together with the deferred tax impact.

The effect of the transition decreased administrative expenses for the year ended 30 April 2021 by £145,256 with a corresponding increase in tax of £29,382.