Company Registration No. 10383730 (England and Wales)

PRAETURA COMMERCIAL FINANCE HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2019

PRAETURA COMMERCIAL FINANCE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	S J Bates P J O'Reilly J D Summers L M Wood
Company number	10383730
Registered office	Ground Floor, Giant's Basin Potato Wharf Manchester M3 4NB
Auditor	KPMG LLP One St Peter's Square Manchester M2 3AE

PRAETURA COMMERCIAL FINANCE HOLDINGS LIMITED

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PRAETURA COMMERCIAL FINANCE HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2019

The directors present their annual report and financial statements for the year ended 30 November 2019.

Principal activities
The principal activity of the Company is that of a holding company for its subsidiary.

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

S J Bates
P J O'Reilly
J D Summers
L M Wood

Results and dividends
The directors do not recommend payment of a final dividend.

Going Concern
To assess the Group's ability to continue as a going concern, the directors have considered both the position as at 30 November 2019 and the outlook for the Group.

In assessing the appropriateness to adopt the going concern basis of accounting, the directors have undertaken a review of the Group's liquidity requirements and stress tested financial forecasts through the modelling of several downside scenarios for a period beyond 12 months from the date of approval of these accounts. These forecasts have been subject to detailed assessment of the lending book and underlying collateral, overlaid with significant stress testing and have considered, amongst other factors, the potential impact that COVID-19 may have on the Group's cash flows. In all scenarios considered to be reasonable by the directors, the Group maintains sufficient liquidity to continue as a going concern. The directors are therefore of the opinion that it remains appropriate to prepare the financial statements on a going concern basis.

Post reporting date events
Subsequent to the reporting period the Group has obtained an extension to the tenure of the existing financing agreement its principal lender alongside an increase in the facility limit. This extension was agreed subsequent to the reporting period and is treated as a non-adjusting event. The Company is also in the final stages of agreeing a further increase and extension to the tenure of the senior facility through a wider syndication.

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

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.

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

On behalf of the board

....
L M Wood
Director

Date: 13 July 2020

PRAETURA COMMERCIAL FINANCE HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2019

The directors are responsible for preparing the Annual Report, the Directors' 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRAETURA COMMERCIAL FINANCE HOLDINGS LIMITED

Opinion
We have audited the financial statements of Praetura Commercial Finance Holdings Limited ("the company") for the year ended 30 November 2019 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Directors' report
The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities
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.

A Simpson

Alexander Simpson **(Senior Statutory Auditor)**
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St Peter's Square
Manchester
M2 3AE

13 July 2020

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 NOVEMBER 2019

	Notes	Year ended 30 November 2019 £	Year ended 30 November 2018 £
Turnover	3	3,951,004	2,129,195
Cost of sales		(517,831)	(245,091)
Gross profit		3,433,173	1,884,104
Administrative expenses		(2,114,610)	(1,559,137)
Other operating income		-	13,811
Operating profit/(loss)	4	1,318,563	338,778
Interest receivable and similar income	8	37	-
Interest payable and similar expenses	9	(1,463,382)	(814,559)
Profit/(Loss) before taxation		(144,782)	(475,781)
Tax on profit/(loss)	10	-	-
Profit/(Loss) for the financial year		(144,782)	(475,781)

Loss for the financial year is all attributable to the owners of the parent company.

PRAETURA COMMERCIAL FINANCE HOLDINGS LIMITED

GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 NOVEMBER 2019

	Year ended 30 November 2019 £	Year ended 30 November 2018 £
Loss for the year/period	(144,782)	(475,781)
Other comprehensive income	-	-
Total comprehensive loss for the year/period	(144,782)	(475,781)

Total comprehensive loss for the year is all attributable to the owners of the parent company.

PRAETURA COMMERCIAL FINANCE HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 30 NOVEMBER 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	11		8,513		7,759
Current assets					
Debtors	15	39,948,906		25,166,869	
Cash at bank and in hand		38,464		3,508	
		39,987,370		25,170,377	
Creditors: amounts falling due within one year	16	(38,060,503)		(6,755,428)	
Net current (liabilities)/assets			1,926,867		18,414,949
Total assets less current liabilities			1,935,380		18,422,708
Creditors: amounts falling due after more than one year	17		(3,686,625)		(20,029,171)
Net liabilities			(1,751,245)		(1,606,463)
Capital and reserves					
Called up share capital	20		1,104		1,104
Share premium account			751,650		751,650
Profit and loss reserves			(2,503,999)		(2,359,217)
Total equity			(1,751,245)		(1,606,463)

The financial statements were approved by the board of directors and authorised for issue on ...13 July 2020... and are signed on its behalf by:

....

L M Wood
Director

PRAETURA COMMERCIAL FINANCE HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 30 NOVEMBER 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	**12**		1		1
Current assets					
Debtors	**15**	752,753		752,753	
Net current assets			752,753		752,753
Total assets less current liabilities			752,754		752,754
Capital and reserves					
Called up share capital	**20**		1,104		1,104
Share premium account			751,650		751,650
Total equity			752,754		752,754

The financial statements were approved by the board of directors and authorised for issue on 13 July 2020 and are signed on its behalf by:

....

L M Wood

Director

Company Registration No. 10383730

PRAETURA COMMERCIAL FINANCE HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2019

	Share Capital	Share Premium	Profit and Loss account	Total
	£	£	£	£
Balance at 1 December 2017	994	483,760	(1,883,436)	(1,398,682)
Total comprehensive income for the period:				
Loss for the year	-	-	(475,781)	(475,781)
Issue of share capital	110	267,890	-	268,000
Balance at 30 November 2018	1,104	751,650	(2,359,217)	(1,606,463)
Balance at 1 December 2018	1,104	751,650	(2,359,217)	(1,606,463)
Total comprehensive income for the period:				
Loss for the year	-	-	(144,782)	(144,782)
Balance at 30 November 2019	1,104	751,650	(2,503,999)	(1,751,245)

PRAETURA COMMERCIAL FINANCE HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2019

	Share Capital	Share Premium	Total
	£	£	£
Balance at 1 December 2017	994	483,760	484,754
Total comprehensive income for the period:			
Profit/(Loss) for the year	-	-	-
Issue of share capital	110	267,890	268,000
Balance at 30 November 2018	1,104	751,650	752,754
Balance at 1 December 2018	1,104	751,650	752,754
Total comprehensive income for the period:			
Profit/(Loss) for the year	-	-	-
Balance at 30 November 2019	1,104	751,650	752,754

1 Accounting policies

Company information
Praetura Commercial Finance Holdings Limited (the "Company") is a private company limited by shares incorporated, domiciled and registered in England and Wales. The registered office is Ground Floor, Giant's Basin, Potato Wharf, Manchester, M3 4NB.

The group consists of Praetura Commercial Finance Holdings Limited and its subsidiary, Praetura Commercial Finance Limited (the "Group").

1.1 Accounting convention

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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

Measurement convention
The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. 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.*

1.2 Basis of consolidation
In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1 Accounting policies

The consolidated financial statements incorporate those of Praetura Commercial Finance Holdings Limited and its subsidiary (i.e. an entity that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 November 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Praetura Commercial Finance Limited has been included in the Group financial statements using the purchase method of accounting. Accordingly, the Group profit and loss account includes the results of Praetura Commercial Finance Limited for the year ended 30 November 2019. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

1.3 Going concern

The directors have assessed the Group's ability to continue as a going concern and have modelled several severe downside scenarios to specifically assess the potential impact of COVID-19. The scenarios considered incorporate an increase in assumed client attrition, downgrade in expected origination and assume a phased recovery in the lending book, origination and turnover over a six to 12 month period from the date these financial statements have been approved.

Management has identified and implemented several actions to offset the impact of COVID-19 on the Group's liquidity requirements which include, but are not limited to, placing staff in the UK furlough arrangements, a temporary reduction in staff emoluments and reducing/deferring overhead expenditure. In the scenarios that have been considered by the directors, after taking management actions as required, the Group maintains sufficient liquidity and remain in compliance with covenant requirements to continue as a going concern.

The Group had three primary sources of funding as at 30 November 2019, a senior asset-based lending facility, a junior growth capital facility and subordinated investor loan notes. Financial covenants across all facilities remained fully compliant in the financial year. Subsequent to 30 November 2019 the Group has increased the senior facility limit and extended the maturity date to June 2021. Concurrent to the increase in the senior facility, the investor loan notes that are due for redemption have been redocumented into a new instrument with a tenor that extends the maturity to December 2023. The term of the junior growth capital facility extends to January 2024.

The Group is in the process of extending the existing senior agreement further through a larger, syndicated facility. This is in the final stages of being agreed with credit approval in place. The enlarged senior facility combined with the existing growth capital and extended investor loan notes provides the Group with sufficient funding to significantly grow the lending book whilst continuing to fund the Group's working capital requirements required to support this anticipated growth. The directors continue to monitor the Group's funding requirements and will take appropriate action to extend or renegotiate existing facilities as appropriate.

Based on the above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

1.4 Turnover

Turnover represents amounts invoiced exclusive of value added tax. Turnover comprises the following key aspects:

1. Interest income which is calculated daily based on the outstanding balance of each client's facility.
2. The rendering of services which are not directly related to client advances.

1 Accounting policies

1.5 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:

Fixtures and fittings	20% straight line
Computers	25% straight line

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.

1.6 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.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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.

1 Accounting policies

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

1.8 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 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.

1.10 Defined contributions pensions

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 profit and loss account in the periods during which services are rendered by employees.

1.11 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.

1.12 Foreign exchange

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

2 Judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although those estimates and judgements are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

The following represent the critical accounting estimates and judgements that the directors have made in the process of applying the Company's and Group's accounting policies which have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Recoverability of trade debtors

The Company and Group recognises a provision regarding the recoverability of trade debtor balances which requires the directors to make a number of key judgements and assumptions.

The Company's loan book analysis segments the loan book into categories based on an internal qualitative risk classification system deployed alongside third party risk management software. This segmental analysis enables management to apply consistent recoverability rates across each cohort. In assessing the recoverability of trade debtor balances, each exposure and segment is reviewed on an ongoing basis relative to various qualitative indicators, of which includes, but is not limited to, credit risk, strength of underlying collateral, externally available credit rating data and performance.

3 Turnover

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

	2019	2018
	£	£
Rendering of services	2,508,750	1,399,669
Interest and discount charges	1,442,254	729,526
	3,951,004	2,129,195

4 Operating profit/(loss)

Operating profit/(loss) for the year is stated after charging/(crediting):	2019 £	2018 £
Foreign exchange loss/(profit)	8,716	(13,811)
Impairment of financial assets	194,966	48,476
Operating lease charges	16,675	18,065

5 Auditor's remuneration

Fees payable to the Company's auditor and associates:	2019 £	2018 £
For audit services		
Audit of the financial statements of the Group and Company	4,000	1,950
Audit of the financial statements of the Company's subsidiary	26,000	18,050
	30,000	20,000

The audit fee for the group is borne by Praetura Commercial Finance Limited.

6 Staff numbers and costs

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

	2019 Number	2018 Number
Administration	9	7

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	941,717	774,215
Social security costs	121,026	99,328
Pension costs	42,070	38,777
	1,104,813	912,320

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	495,000	479,500
Company pension contributions to defined contribution schemes	25,800	24,000
	520,800	503,500

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

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

	2019	2018
	£	£
Remuneration for qualifying services	247,500	239,750
Company pension contributions to defined contribution schemes	12,900	12,000

8 Interest receivable and similar income

	2019	2018
	£	£
Bank interest receivable	37	-
	37	-

9 Interest payable and similar expenses

	2019	2018
	£	£
Discount charges on finance facility	734,180	315,177
Interest payable on loan notes	729,202	499,382
	1,463,382	814,559

10 Taxation

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

	2019	2018
	£	£
Loss before taxation	(144,782)	(475,781)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(27,509)	(90,398)
Unutilised tax losses carried forward	27,509	90,398
Taxation charge for the year	-	-

11 Tangible fixed assets

	Fixtures and fittings	Computers	Total
	£	£	£
Cost			
At 1 December 2018	10,083	3,480	13,563
Additions	1,004	3,122	4,126
At 30 November 2019	11,087	6,602	17,689

Depreciation and impairment

At 1 December 2018	4,045	1,759	5,804
Depreciation charge for the year	2,033	1,339	3,372
At 30 November 2019	6,078	3,098	9,176
Net book value			
At 30 November 2019	5,009	3,504	8,513
At 1 December 2018	6,038	1,721	7,759

The company had no tangible fixed assets at 30 November 2019 or 30 November 2018.

12 Fixed asset investments

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Investments in subsidiaries	13	-	-	1	1

Movements in fixed asset investments

Company	**Shares in group undertakings**
	£
Cost or valuation	
At 1 December 2018 and 30 November 2019	1
Carrying amount	
At 30 November 2019	1
At 30 November 2018	1

13 Subsidiaries

Details of the Company's subsidiaries at 30 November 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Praetura Commercial Finance Limited	Ground Floor, Giant's Basin, Potato Wharf, Manchester, M3 4NB.	Factoring and invoice discount services	Ordinary shares	100.00	

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Praetura Commercial Finance Limited	(144,782)	(2,503,998)

14 Financial instruments

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	39,957,148	25,102,499	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	41,439,884	26,508,777	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the Company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by ' n/a' above.

15 Debtors

	Group 2019	2018	Company 2019	2018
Amounts falling due within one year:	£	£	£	£
Trade debtors	39,898,192	25,095,332	-	-
Amounts owed by group undertakings	-	-	752,753	752,753
Other debtors	1	1	1	1
Prepayments and accrued income	50,713	71,536	-	-
	39,948,906	25,166,869	752,754	752,754

Total trade debtors (net of allowances) held by the Company at 30 November 2019 are as stated above. An impairment provision of £399,489 (2018: £204,523) has been made against those trade debtors where objective evidence exists to doubt ultimate recovery of the Company's net exposure.

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16 Creditors: amounts falling due within one year

	Notes	Group 2019	2018	Company 2019	2018
		£	£	£	£
Loan notes	18	6,427,038	5,607,000	-	-
Debenture loans	18	30,531,116	-	-	-
Trade creditors		42,086	34,671	-	-
Other taxation and social security		197,231	67,953	-	-
Deferred income		307,245	207,869	-	-
Other creditors		195,662	486,795	-	-
Accruals		360,125	351,140	-	-
		38,060,503	6,755,428	-	-

17 Creditors: amounts falling due after more than one year

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Loan notes	18	3,686,625	1,261,000	-	-
Debenture loans	18	-	18,768,171	-	-
		3,686,625	20,029,171	-	-

18 Interest bearing loans and borrowings

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Loan notes	10,113,663	6,868,000	-	-
Debenture loans	30,531,116	18,768,171	-	-
	40,644,779	25,636,171	-	-
Payable within one year	36,958,154	5,607,000	-	-
Payable after one year	3,686,625	20,029,171	-	-

The debenture loans are secured by a debenture over the assets of the Company.

19 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	42,070	38,777

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.

20 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
3,300 "A" ordinary of 10p each	330	330
2,436 "B" ordinary of 10p each	354	354
4,200 "C" ordinary of 10p each	420	420
	1,104	1,104

21 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:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	16,675	16,675	-	-
Between two and five years	66,700	66,700	-	-
In over five years	37,519	54,194	-	-
	120,894	137,569	-	-

22 Ultimate controlling party

The Company is owned by a number of private shareholders, none of whom own more than 20% of the issued share capital of the Company. Accordingly, there is no parent entity or ultimate controlling party.

23 Subsequent events

The speed and extent to which COVID-19 has had an adverse impact on the wider economy has resulted in Governments announcing emergency measures to address the unprecedented adverse economic impact. The Company has undertaken extensive financial assessments to review liquidity requirements alongside management implementing various risk mitigating actions to offset any future impact.

As part of the Group's funding strategy post year end, in 2020 the Group's senior lender agreed to an increase in the facility limit with the tenor extended to June 2021. Subsequent to this variation, the Group is in the final stages of agreeing a further increase and extension to the tenure of the senior facility through a wider syndication. This enlarged facility will provide sufficient funding to support anticipated growth in the lending book.