

Novaloans Ltd

Financial statements

31st May 2021

Novaloans Ltd

Financial statements

year ended 31st May 2021

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Novaloans Ltd

Director's report

year ended 31st May 2021

The director presents his report and the financial statements of the company for the year ended 31st May 2021.

Directors

The directors who served the company during the year were as follows:

Mr M S Green

Mr P S Green

(Died 17th March 2021)

Director's responsibilities statement

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

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

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is 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.

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 is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

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

This report was approved by the board of directors on 24th February 2022 and signed on behalf of the board by:

Marcus Green

Mr M S Green

Director

Novaloans Ltd

Independent auditor's report to the members of Novaloans Ltd

year ended 31st May 2021

Opinion

We have audited the financial statements of Novaloans Ltd (the 'company') for the year ended 31st May 2021 which comprise the income statement, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st May 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Novaloans Ltd

Independent auditor's report to the members of Novaloans Ltd *(continued)*

year ended 31st May 2021

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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has 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 director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the director's report and from the requirement to prepare a strategic report.

Responsibilities of the director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Novaloans Ltd

Independent auditor's report to the members of Novaloans Ltd *(continued)*

year ended 31st May 2021

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of income, provision for bad debts and posting of unusual journals and complex transactions. We discussed these risks with client management, designed audit procedures to test the timing of income, reviewed estimates of bad debts, tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks.

The organisation is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified compliance with the Financial Conduct Authority as the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Novaloans Ltd

Independent auditor's report to the members of Novaloans Ltd *(continued)*

year ended 31st May 2021

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Susan Seaman BA FCA CIOT (Senior Statutory Auditor)

For and on behalf of
Sagars Accountants Ltd
Chartered Accountants & statutory auditor
Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

24th February 2022

Novaloans Ltd

Income statement

year ended 31st May 2021

	Note	2021 £	2020 £
Turnover		5,109,550	5,742,901
Cost of sales		<u>2,793,067</u>	<u>3,367,963</u>
Gross profit		2,316,483	2,374,938
Administrative expenses		1,780,446	1,657,430
Other operating income		<u>24,872</u>	<u>26,014</u>
Operating profit		560,909	743,522
Interest payable and similar expenses		<u>223,014</u>	<u>365,992</u>
Profit before taxation		337,895	377,530
Tax on profit		<u>65,794</u>	<u>59,815</u>
Profit for the financial year		<u>272,101</u>	<u>317,715</u>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 8 to 11 form part of these financial statements.

Novaloans Ltd

Statement of financial position

31st May 2021

	Note	2021 £	£	2020 £
Fixed assets				
Tangible assets	6		41,408	49,193
Current assets				
Debtors	7	4,357,033		3,855,510
Cash at bank and in hand		665,992		719,826
		<u>5,023,025</u>		<u>4,575,336</u>
Creditors: amounts falling due within one year	8	<u>(3,497,841)</u>		<u>(3,330,038)</u>
Net current assets			<u>1,525,184</u>	<u>1,245,298</u>
Total assets less current liabilities			<u>1,566,592</u>	<u>1,294,491</u>
Net assets			<u>1,566,592</u>	<u>1,294,491</u>
Capital and reserves				
Called up share capital			14	14
Profit and loss account			<u>1,566,578</u>	<u>1,294,477</u>
Shareholders funds			<u>1,566,592</u>	<u>1,294,491</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 24th February 2022, and are signed on behalf of the board by:

Marcus Green

Mr M S Green
Director

Company registration number: 07639288

The notes on pages 8 to 11 form part of these financial statements.

Novaloans Ltd

Notes to the financial statements

year ended 31st May 2021

1. General information

The principal activity of the company is the provision of short term investment loans. The company is a private limited company, which is incorporated in England and Wales (no.07639288). The address of the registered office is 7 Limewood way, Leeds, West Yorkshire, LS14 1AB.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The director confirms that the ongoing global COVID 19 pandemic continued to present challenges to the company during the past year. Novaloans however continued to lend on a reduced but prudent manner and this cautious approach has ensured that all the company's funding partnerships remain in place and that the company has more than ample resources to meet its liabilities and growth objectives.

As ever Novaloans looks for opportunities in this sector and in light of the end of Covid restrictions and the return to normality, the company moves ahead with its growth and diversification plans to expand our loan offering to new and existing customers.

As a result, the director has continued to adopt the going concern basis of accounting in preparing the annual financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows: The provision for irrecoverable loans represents 100% of all loans where no cash collection is perceived likely, and a floating percentage based on recent portfolio performance applied to the remaining outstanding loans.

Turnover

The turnover in the profit and loss accounts represents interest and charges receivable on loans sold in the accounting period. Interest and charges receivable includes all amounts received during the financial year together with interest and charges received in the 6 months following the year end on all loans sold at the year end date.

Novaloans Ltd

Notes to the financial statements *(continued)*

year ended 31st May 2021

3. Accounting policies *(continued)*

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Tangible assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Computer equipment	-	2 years straight line
Computer software	-	2 years straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Novaloans Ltd

Notes to the financial statements *(continued)*

year ended 31st May 2021

3. Accounting policies *(continued)*

Government grants *(continued)*

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost.

Financial assets, including loan sales, are measured at cost and reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics. Recoverability of loan sales are assessed on actual repayments post year end and historic data trends on loan recoverability.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Auditor's remuneration

	2021 £	2020 £
Fees payable for the audit of the financial statements	<u>14,500</u>	<u>14,000</u>

Novaloans Ltd

Notes to the financial statements *(continued)*

year ended 31st May 2021

5. Employee numbers

The average number of persons employed by the company during the year amounted to 35 (2020: 29).

6. Tangible assets

	Fixtures and fittings £	Computers and Software £	Total £
Cost			
At 1st June 2020	–	206,868	206,868
Additions	3,424	35,251	38,675
At 31st May 2021	<u>3,424</u>	<u>242,119</u>	<u>245,543</u>
Depreciation			
At 1st June 2020	–	157,675	157,675
Charge for the year	944	45,516	46,460
At 31st May 2021	<u>944</u>	<u>203,191</u>	<u>204,135</u>
Carrying amount			
At 31st May 2021	<u>2,480</u>	<u>38,928</u>	<u>41,408</u>
At 31st May 2020	<u>–</u>	<u>49,193</u>	<u>49,193</u>

7. Debtors

	2021 £	2020 £
Trade debtors	4,268,511	3,801,832
Other debtors	88,522	53,678
	<u>4,357,033</u>	<u>3,855,510</u>

8. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	300,099	143,109
Corporation tax	280,292	210,564
Social security and other taxes	13,842	13,216
Net wages & pension	68	–
Other creditors	<u>2,903,540</u>	<u>2,963,149</u>
	<u>3,497,841</u>	<u>3,330,038</u>

9. Related party transactions

Management charges totalling £nil (2020 - £105,000) were paid to companies under common control in the year.

Novaloans Ltd

Management information

year ended 31st May 2021

The following pages do not form part of the financial statements.

Novaloans Ltd

Detailed income statement

year ended 31st May 2021

	2021 £	2020 £
Turnover	5,109,550	5,742,901
Cost of sales		
Lead generation	762,621	684,065
Credit checks	340,336	375,533
Transaction charges	277,426	272,788
Customer settlements	114,159	118,827
Debt collection	352,566	215,483
Bad debt provision	945,959	1,701,267
	<u>2,793,067</u>	<u>3,367,963</u>
Gross profit	2,316,483	2,374,938
Overheads		
Administrative expenses	1,780,446	1,657,430
Other operating income	24,872	26,014
Operating profit	560,909	<u>743,522</u>
Interest payable and similar expenses	(223,014)	(365,992)
Profit before taxation	<u>337,895</u>	<u>377,530</u>

Novaloans Ltd

Notes to the detailed income statement

year ended 31st May 2021

	2021	2020
	£	£
Administrative expenses		
Wages and salaries	886,307	752,314
Employers national insurance contributions	55,264	51,880
Staff pension contributions	27,235	25,329
Rent	48,000	45,000
Insurance	604	–
Computer software	95,143	69,876
Telephone	139,618	141,645
Office expenses	72,128	61,804
Printing postage and stationery	–	5,760
Staff training	2,202	783
Staff welfare	8,473	8,243
Sundry expenses	2,469	1,947
Subscriptions	6,298	5,611
Management charges payable	–	105,000
Legal and professional fees	67,742	37,005
Consultancy fees	185,119	85,469
Accountancy fees	6,368	24,588
Auditors remuneration	14,500	14,000
Depreciation of tangible assets	46,460	35,235
Other loan charges	30,912	53,307
Bank charges	68,404	95,312
Foreign currency gains/losses	17,200	37,322
	<u>1,780,446</u>	<u>1,657,430</u>
Other operating income		
Government grant income	<u>24,872</u>	<u>26,014</u>
Interest payable and similar expenses		
Other interest payable and similar charges	219,080	361,392
Interest payable on late payment of tax	3,934	4,600
	<u>223,014</u>	<u>365,992</u>