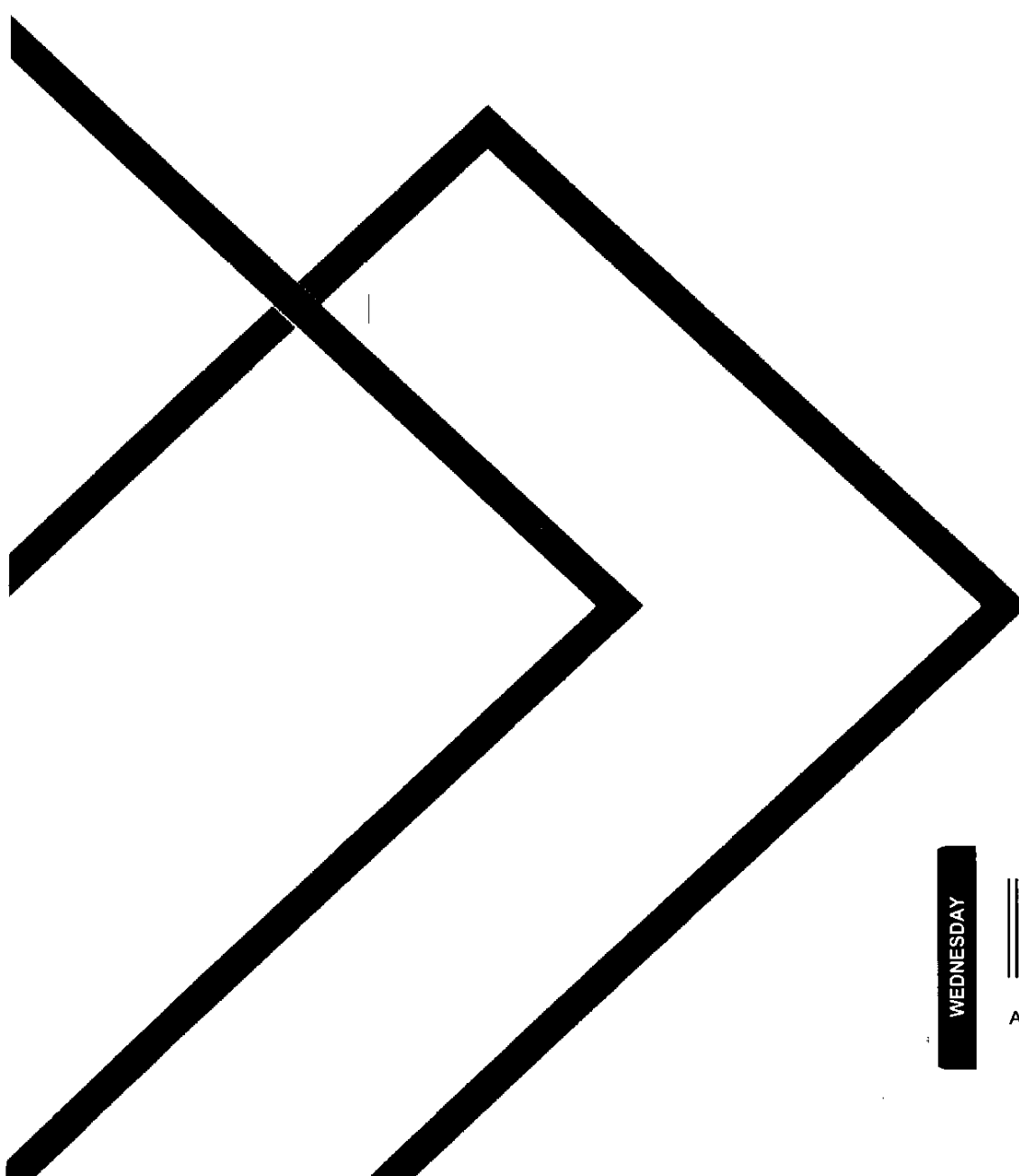




Company No. 04558936

LOWELL FINANCIAL LTD

Report and Financial Statements
Year ended 31 December 2023



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OFFICERS AND PROFESSIONAL ADVISORS

Directors

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K M Morgan
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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report of Lowell Financial Ltd ("the Company") for the year ended 31 December 2023. The Company is a subsidiary undertaking of Metis Bidco Limited which prepares consolidated financial statements to include all its subsidiaries in the UK (together defined as the "Group").

PRINCIPAL ACTIVITIES

The principal activity of the Company is providing debt collection agency services to other Group companies and third party clients.

GOING CONCERN

The Directors have made a going concern assessment for the Company, covering a period of at least 12 months from the date of approval of these financial statements. This assessment included considerations of forecasts prepared by Garfunkelux Holdco 2 S.A. ("GH2") and its subsidiaries (together "the GH2 Group").

As part of the assessment the Directors considered severe but plausible scenarios, including a significant reduction in collections. This assessment indicated that the Company would maintain sufficient liquidity and cash reserves even in downside scenarios.

The GH2 Group is however reliant on successful refinancing of the GH2 Group's existing high yield bonds ("Notes"), due to expire 1 November 2025 and 1 May 2026, and the Revolving Credit Facility ("RCF"), due to expire on 4 August 2025. While the Directors understand that discussions regarding the re-financing of the RCF are ongoing, the GH2 Group recently announced that it can now proceed with a fully consensual implementation of its recapitalisation transaction which would extend the maturity of the Notes by three years and incorporate a 10% cash paydown at the point the refinancing is executed. Whilst the outcome of the discussions on the RCF are uncertain at the signing of these financial statements, the Directors are confident they will lead to a successful re-financing ahead of the existing maturities.

Based on the above, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, this matter indicates the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year (year ended 31 December 2022: £nil).

COLLEAGUES

The Company continues to support equal opportunities in respect of recruitment, career progression and colleague management processes. Consideration is given to all applicants for employment, irrespective of any of the protected characteristics as detailed in the Equality Act 2010. It is the policy of the Company to treat disabled persons fairly by making reasonable adjustments to the workplace and business processes. Likewise, in the event of a member of staff becoming disabled, every effort is made to ensure that their employment within the Company can continue. Support is also given to internal applicants in moving to new jobs in other parts of the organisation.

The members of the executive team conducted a number of staff briefings throughout the year that kept our people fully informed and updated on business activities, including financial and economic factors affecting the performance of the business. Regular colleague surveys are undertaken to understand the views of colleagues and feedback is taken into consideration when making decisions that are likely to affect their interests. The Group's intranet is used on a routine basis to keep colleagues and others informed about important business issues, the progress that is being made on key corporate programmes, and other changes affecting the Group, its colleagues, and other stakeholders. Colleague engagement is further encouraged through a colleague bonus scheme which rewards both performance of the individual and the Group.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)

SUPPLIERS AND CUSTOMERS

The Company knows that every customer's story is different and seeks to put their needs first. The Company seeks to engage with customers through a variety of channels and will help find a solution for each customer's debt that suits them and helps them meet their goals.

The Company's commitment to Operational Excellence means that in each step of the business it considers whether any activity should be supplied internally or externally. The Company ensures that contact with each of its suppliers remains proportionate to their impact on the business and undertakes regular business reviews.

DIRECTORS

The directors who held office during the year and up to the date of signing the financial statements are shown on page 1.

CHARITABLE AND POLITICAL DONATIONS

During the year, charitable donations the company made are £nil (year ended 31 December 2022: £nil). All charitable donations were made at a Metis Bidco Group level. There were no political donations made or political expenditure incurred during the 2022 financial year (year ended 31 December 2022: £nil).

SECTION 172 STATEMENT

The Section 172 statement is included in the Strategic Report which includes detail on how the directors have fulfilled their duties in the year.

AUDIT

For the year ended 31 December 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Approved by the Board of Directors and signed on behalf of the Board by:

|  |

Fiona Barker
Director
11 February 2025

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

OBJECTIVES AND STRATEGY

The Company's strategy is to excel as a debt collection organisation, achieve significant growth across all key performance indicators and find innovative, ethical, cost-effective and fair solutions for our customers, clients and colleagues.

In the year to 31 December 2023 the key objectives of the Company were to

- **exceed Customer expectations**, through driving positive Customer engagement and outcomes, continuing to build on our market leading experiences however a Customer chooses to engage with us;
- **being the partner of choice for our Clients**, we continue to be focused on Client experience delivering broader engagement and stronger relationships;
- **make Lowell a place where people can thrive**. We will sustain our culture based on trust, accountability, inclusion and collaboration underpinned by our leadership philosophy;
- **responsibly drive collection effectiveness and efficiency**, continually striving for better, more efficient and effective processes. We are always focussed on making things easier for our Customers, Clients and Colleagues, whilst managing our risks with effective governance

and in doing so, **deliver strong, sustainable results**, as outlined in the following accounts.

THE BUSINESS MODEL

The Company's business model remains unchanged from the prior year - continuing to deliver debt recovery operational services to the wider Group through a largely in-house, UK based, integrated collection platform.

REGULATORY OVERSIGHT

Our main regulatory oversight bodies are the Financial Conduct Authority (FCA), overseeing the debt purchase and debt collection activities; and the Solicitors Regulation Authority (SRA), overseeing litigation activities. Within the Group, Lowell Financial Limited, Lowell Portfolio I Limited, Overdales Limited and Hoist UK Limited are all regulated by the FCA and Overdales Limited is also regulated by the SRA.

Our Client base means we also operate under the oversight of a number of other regulatory, authority and industry bodies, including the Information Commissioners Office (ICO), the Credit Services Association (CSA), the Office of Communications (Ofcom), the Office of Gas and Electricity Markets (Ofgem) and Water Services Regulation Authority (Ofwat). We encourage an active dialogue with each of our regulators and engage in a range of activities and sharing of documentation to enhance greater communication and understanding between all parties.

PRINCIPAL RISKS AND UNCERTAINTIES

As a result of its normal business activities, the Company is exposed to a range of risks, the most significant being credit risk on the value of the non-performing debt portfolios it collects, market risk, given the macroeconomic conditions and liquidity risk. The Company manages these and other risks on a Group basis. Documentation of the risk management procedures is included in Note 3.

FINANCIAL PERFORMANCE

The Company's profit before tax for the year was £12.2m (year ended 31 December 2022: £5.3m).

The directors consider the Company to be a going concern; further details are included in Note 1.

KEY PERFORMANCE INDICATORS (KPIs)

The Company considers performance against KPIs at a Group level; details are included in the consolidated financial statements of Metis Bidco Limited.

OUTLOOK

The Company mainly provides debt collection services to Lowell Portfolio I Limited, a subsidiary of the Group, and therefore views the outlook at a Group level, due to the integrated nature of the companies.

The Directors believe the Group benefits from a strong pipeline of opportunities and is well placed to continue to grow as a result of such competitive advantages as its diversified origination capability, the scale of its data assets and its use of forward flow arrangements.

The need for regulatory compliance in the consumer debt industry is expected to continue, driven by ongoing client requirements and those stipulated by various bodies. The Directors believe the Company is well placed to continue to collect debt in a customer and compliance centric manner, not least because culturally, its customers are at the heart of the business. (See Note 3, Conduct Risk for more details). The Company's risk management structure has been significantly enhanced and improvements continue to be made to the governance structure. The Company is FCA regulated. Further details of other regulators can be found in the regulatory oversight section above.

The consumer debt investor and debt management industries are expected to consolidate around a smaller number of trusted partners. Clients are increasingly reducing their auction panel sizes as they seek to maintain relationships with those investors who can demonstrate customer focus, while economies of scale give competitive advantage in terms of cost of collection and indeed funding. We benefit from a strong record in being customer focussed and already have relationships with the majority of key sellers of debt. We expect this to continue evidenced by continued off market deals with existing clients, as well as contract lengths increasing for forward flow arrangements.

The Directors also believe that the Company's data asset will aid the business in terms of both its investment ambitions and its servicing offerings, leveraging the knowledge that comes from owning over 42 million accounts to help its clients from underwriting to contact through to responsible collection.

The Group continuously monitors collections performance and macroeconomic developments to determine whether there is any impact on its business.

SECTION 172 STATEMENT

Throughout 2023, we have gone about delivering against our strategic intent as outlined below.

Our Customers

Exceed Customer expectations, through driving positive Customer engagement and outcomes, continuing to build on our market leading experiences however a Customer chooses to engage with us.

- We treat Customers with respect and understanding. Personalised solutions and tailored support help them take control of their debt and build their financial understanding and wellbeing.
- We know our Customers - we combine industry-leading insights from multiple data sources including our 4,500+ Customer Panel. In 2023 we used the Panel to build our understanding of the circumstances that lead people into debt, to test the effectiveness of our written communications as part of our commitment to Consumer Duty requirements and to trial changes to our digital channels before rollout.
- We give our Customers an industry leading choice of channels - our digital capabilities are amongst the best in the sector. We continue to invest in digital technology, pioneering the deployment of an omni-channel approach in our sector. Our Customers can access our services and support both digitally, through our app and online portal, and by calling our Customer Engagement Centre (CEC). Our app, now with Apple and Google Pay options, featured in the top 10 UK financial services apps in 2023.
- We encourage and value Customer feedback - we capture this through various voice and online channels and launched a new market leading Customer feedback platform in 2023. The Medallia Experience Cloud captures more data and insights than ever before, which helps us understand where we can support Customers further and target colleague training.
- Supporting Customers in vulnerable situations - all front-line colleagues received cost of living training which included information on government help available, reminder of forbearance options and signposting to free debt advice. We also introduced a flexible payment plan option to give Customers more control when they have a temporary change in circumstances.
- We know that every Customer's story is different, and we seek to put their needs first. We seek to engage with Customers through a variety of channels and will help find a solution for each Customer's debt that suits them and helps them meet their goals.

SECTION 172 STATEMENT (continued)

Our Customers (continued)

Key areas of Board Customer focus throughout 2023 have been;

- Implementation of Consumer Duty regulations, a welcome and key evolution in approach to our Customers which included reassessing our communications and approach to ensure continued high standards were being maintained. We have both a Board Consumer Duty Champion as well as an Executive sponsor of Consumer Duty, with extensive Board discussions through the year in order to ensure progress.
- Continued monitoring and assessment of the cost-of-living crisis and ensuring that we are ensuring our Customer approach remains supportive and relevant given the pressures on affordability through the period. Lowell have continued to support Customers in maximising their financial situation through the provision of benefit calculators, access to budgeting tools as well as being able to access their credit score via the Lowell App. Key decisions have been made on how to continue to improve the online journey, simulating the high-quality experience already available through our engagement centres.
- Ensuring that the migration of Hoist Customers onto the Lowell systems and strategies has been achieved with no issues.
- The Board have monitored overall Customer engagement and satisfaction levels, utilising the feedback through the Medallia platform, QA results, Trustpilot ratings as well as evidenced by the low percentage of complaints and FOS cases.

Our Clients

We look to be the partner of choice for our Clients, continuing to be focused on Client experience delivering broader engagement and stronger relationships.

- Our business has been built and continues to benefit from strong Client relationships across our key sectors of e-Commerce, Financial Services, Telecommunications and Utilities.
- We believe that an open, partnership with our clients based on trust is necessary to ensure the best outcomes for our Customers, our Clients and ourselves. We seek to build long-term sustainable relationships that allow us to help our clients manage Customers who have moved into arrears.
- Clients continue to look for opportunities to work with us on a longer-term basis, with many of our contracts increasing in length. We also benefit from strong Client feedback which we receive annually through a survey, which allows us to continue to further improve our approach and relationships.
- Given our success with our existing sectors of coverage, we continue to discuss with the Board and Investors potential additional sectors for us to expand into, with success in 2023 within the banking sector, with several new banking relationships established. This will continue to be a focus for the future.

Key areas of Board Client focus throughout 2023 have been;

- Review of pipeline of expected purchases, with a view to strategic growth ambition, as well as being mindful of concentration risks and sector strategy deployment. Ensuring that we maintain the right balance between level of purchases and achieving a strong IRR.
- Reviewing progress of our broader sector strategy, in particular progress within the banking sector, which has seen a number of successful new client relationships being established over the year.
- Ensuring that our transaction management process continued to mature, setting the standards for the sector on due diligence.
- Assessing Client Experience and feedback through the Client survey to look for any areas of opportunity to improve our partnership approach with Clients. Whilst Client engagement scores remain high (90%+) we continue to look for opportunities on how to improve ease of doing business as well as adding additional value to our Clients.

SECTION 172 STATEMENT (continued)

Our People

We continue to make Lowell a place where people can thrive. We will sustain our culture based on trust, accountability, inclusion and collaboration underpinned by our transformational leadership philosophy.

- Our Colleagues remain our foundation and how they work to deliver the right Customer outcomes on a daily basis is critical to the success of the Group. Engagement with our colleagues is through a variety of methods, from regular face-to-face meetings with managers to colleague surveys, and regular 'town-hall' style meetings for communicating key messages.
- As a colleague-focused business we have continued to listen to our people to understand the topics that matter most to them, at both Group and regional levels. Their inputs shaped the development of our Employer Value Proposition, one key element of which is embedding a new hybrid working culture that works for our people and our business. Alongside this we have invested in career development and initiatives to boost diversity and inclusion across our business. We have also increased financial assistance for our colleagues to help them through the cost-of-living crisis.
- During 2023, we have continued to embed our overall Employer Value Proposition (EVP), Together We Go Further. Our EVP is supported by four pillars: sustainability, hybrid-working, leadership development and career progression.
- In Q1 2023 we onboarded our colleagues from the Hoist acquisition, with over 130 colleagues joining across both Leeds and Salford sites.
- Our Colleague Engagement score in the UK has seen an increase year-on-year, with overall engagements levels in the top quartile, reflecting and validating our approach of listening to colleagues and adapting to support their needs, as enshrined in our EVP. We continue to review all of the feedback from colleagues and look for opportunities to deliver improvements across our rewards, environment and culture to ensure all colleagues have the opportunity to thrive during their time at Lowell.
- In Q3 2023 we moved into our new home at No1 The Square Thorpe Park, which has been purpose built for our needs. The building operates across 6 floors, and includes a Gym, Faith Rooms, Wellbeing Floor, as well as a restaurant and a coffee bar. The facility is designed to promote interaction and collaboration as teams are in neighbourhoods. Colleague feedback since the move has been extremely positive.
- Throughout 2023 we continued to support our broader DE&I agenda, whereby we want to encourage every Lowell colleague to be able to be themselves in work. We have established broad networks groups, such as RISE for promoting growth for our female colleagues and advocates and SPARK for neurodiversity and disabilities. They have all contributed to continuing to develop a supportive culture, where colleagues tell us that acceptance and psychological safety are key strengths in our recent Colleague Engagement survey.
- The Group continues to support equal opportunities in respect of recruitment, career progression and colleague management processes. Consideration is given to all applicants for employment, irrespective of any of the protected characteristics as detailed in the Equality Act 2010. It is the policy of the Group to treat disabled persons fairly by making reasonable adjustments to the workplace and business processes. Support is also given to internal applicants in moving to new jobs in other parts of the organisation.
- The members of the executive team conducted a number of Colleague briefings throughout the year that kept our people fully informed and updated on business activities, including financial and economic factors affecting the performance of the business. Regular colleague surveys are undertaken to understand the views of colleagues and feedback is taken into consideration when making decisions that are likely to affect their interests. Colleague engagement is further encouraged through a Colleague bonus scheme which rewards both performance of the individual and the Group.

Key areas of Board People focus throughout 2023 have been;

- Ensuring that the integration of our new Colleagues from Hoist was successful.
- Ensuring our transition to our new Thorpe Park HQ was delivering the expected market leading environment for our Colleagues.
- Challenging our progress on DE&I, reviewing progress against our Gender Pay Gap reporting and diversity ambitions.

SECTION 172 STATEMENT (continued)

Responsibly driving our collection effectiveness and efficiency

"We will do things well, striving for better, more efficient and effective. Always focussed on making things easier for our customers, clients and colleagues."

- To meet the long-term aspirations of our key stakeholders, we continue to invest in improving our operational capabilities, building additional functionality and resilience into everything that we do.
- During 2022 following FCA approval Lowell announced the completion of the acquisition of Hoist Finance UK Ltd positioning Lowell as the UK's largest credit management service provider. The purchase extended Lowell's Customer base and gives the business the data and insight to further strengthen Lowell's award-winning Customer service. During Q1 2023 we successfully migrated all Hoist accounts and Colleagues over to the Lowell platforms, both ahead of expected timeframes and under budget.
- Throughout 2023 we have continued to be focussed on delivering on our Conduct Risk commitments and ensuring we continue to give assurance that we have effective Risk & Control processes, as evidenced by our comprehensive Risk and Control Self Assessments and control testing for each area of the business. Given the complexity and volume of our Operations, we appreciate that despite all of these controls, there will be times when we get something wrong, but as a business we commit to resolving any issues quickly, effectively and consistently as well as then demonstrating that we have learned from it.
- We have been focussed in 2023 on delivering against the requirements of Consumer Duty and this has resulted in Lowell being in a strong position to demonstrate substantive compliance with the Duty as we can evidence that we have identified and delivered enhancements in line with the Duty through the implementation plan. Mitigating controls to minimise risk of harm to Customers have been embedded. In line with our positive compliance culture, Lowell will continue to take an iterative approach to compliance with the Duty by continuously monitoring industry developments published by the FCA. Progress continues to be monitored through a monthly Conduct and Consumer Duty forum.
- We have continued in 2023 to deliver against our collection targets across all areas of the UK business with a strong focus on cost effectiveness and efficiency to strengthen our pricing competitiveness. This has included portfolio specialisms, improved tracing and strategy capability, digital servicing enhanced to increase efficiencies and improve margins and maximising our return on investment in Litigation and Enforcement spend. In addition, performance has been supported by a suite of initiatives designed to continue to improve the Client and Customer journeys, as well as increasing digital engagement and ease of Customer interactions with us.
- During 2023 we have continued to invest in our Data platforms, with the deployment of a new data squad to improve availability and accuracy of data to drive opportunity across our business value streams. This has both improved our data governance standards as well as improved the way data is ingested to our Analytics platform.
- We are also continuing to deliver against our decision science roadmap, building and enhancing our decision model suite, utilising advances in our data environment and tooling. We will continue to explore future innovation through data and AI advances to support operational decisioning capability and efficiency.
- Given the continued threat that cyber risk poses to our business, we have pressed on with further significant enhancements to our cyber security protections and controls and whilst this has given the Board assurance of strong controls it will continue to be a key risk focus area of the business.

Key areas of Board Operational focus throughout 2023 have been;

- Ensuring that the integration of Hoist was successful.
- Reviewing progress against Consumer Duty requirement, including challenge from our Consumer Duty Champions on both the UK Executive and the UK Board, in order to ensure compliance and progress.
- Reviewing and challenging operational initiatives delivery, both in absolute delivery as well as realisation of expected benefits.
- Ensuring that we continue to deliver the right Customer outcomes.
- Review and challenge our cyber security protections and controls.

SECTION 172 STATEMENT (continued)

Deliver Strong Sustainable Results

"Through impactful engagement with our Colleagues, Clients and Customers we will deliver a strong and sustainable business model, driving improved returns for our Investors."

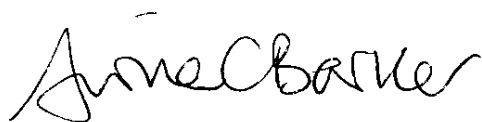
- The core strength of the Group remains our ability to acquire and collect on non-performing consumer debt portfolios. During 2023 the UK continued to be the wider Garfunkelux Group's largest region accounting for 62% of the Group Cash EBITDA, with £2.4 bn 120-month ERC.
- The contribution of all other pillars of the UK strategy are expected to then result in strong sustainable financial results. Through 2023, the UK business demonstrated strong delivery across every aspect of the strategy which enabled it to meet its overall business objectives.
- As part of our broader financial controls and discipline we have continued to review during the year a clear, strong approach to managing out asset quality, including our ability to understand the value of our portfolio assets, through discussions in appropriate governance forums. The business also continued to focus on cost efficiency and broader risk management areas as outlined in previous sections.
- Whilst funding and liquidity is managed at an overall Group level, the UK business continued to ensure that we maintained appropriate coverage in order to have confidence we can meet our obligations as they fall due, as well as confidence to support our growth and acquisition ambitions. Throughout 2023 the Board discussed financial strength and funding. As at December 2023, the Garfunkelux Group had available liquidity of £270m and leverage continued at the lower end of the public guidance
- In addition to our financial strength, a core tenet of our strategy is to deliver results that are sustainable in both longevity as well as with consideration to our obligations to meet our own ESG standards. In 2023 we continued to improve our activity to support our longer term ESG targets, reflected in our silver status rating against the EcoVadis standards. Attached is a link to our 2023 ESG report

(https://www.lowellbusiness.co.uk/hubfs/Lowell_Sustainability%20Report%202023_Final.pdf?hsLang=en).

Key areas of Board Financial focus throughout 2023 have been;

- Reviewing our collections and subsequent portfolio performance.
- Reviewing our portfolio revaluation modelling outputs and impact on balance sheet valuation.
- Reviewing progress against our ESG targets.
- Reviewing and challenging our funding and liquidity positions.
- Challenging our business operating costs and relative efficiency.
- Ensuring we have an effective resource to operate the business in a controlled manner.
- Inputting and challenging the wider UK business strategy.

Approved by the Board of Directors and signed on behalf of the Board by:



F Barker
Director
11 February 2025

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
DIRECTORS' REPORT, THE STRATEGIC REPORT AND THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

The directors are responsible for preparing the Strategic 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 financial statements in accordance with UK-adopted international accounting standards and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- > select suitable accounting policies and then apply them consistently;
- > make judgements and estimates that are reasonable, relevant and reliable;
- > state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- > assess the 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 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 Company and to prevent and detect fraud and other irregularities

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Revenue			
Income from debt collection services	4	187,058	115,391
Other income		105	
Total revenue		187,164	115,391
Operating expenses			
Collection activity costs		(115,218)	(81,422)
Other expenses		(59,282)	(28,607)
Total operating expenses		(174,500)	(110,029)
Operating profit		12,663	5,362
Finance costs	8	(68)	(60)
Profit before tax	6	12,595	5,302
Income tax (charge) / credit	9	(255)	238
Profit for the year attributable to equity shareholders		12,340	5,540
Other comprehensive income		-	-
Total comprehensive income for the year attributable to equity shareholders		12,340	5,540

All amounts relate to continuing operations.

The notes on pages 14 to 32 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	31 December 2023 £'000	31 December 2022 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	-	1,081
Deferred tax asset	12	1,141	1,397
Total non-current assets		1,141	2,478
Current assets			
Cash and cash equivalents	17	1,843	1,221
Trade and other receivables	11	85,232	73,099
Total current assets		87,076	74,320
Total assets		88,217	76,798
Equity			
Share capital	15	22,490	22,490
Foreign exchange reserve		(6)	(6)
Retained surplus		58,570	46,230
Total equity attributable to shareholders		81,055	68,714
Liabilities			
Non-current liabilities			
Provisions	14	1,680	1,630
Total non-current liabilities		1,680	1,630
Current liabilities			
Trade and other payables	13	5,482	5,435
Other financial liabilities	10	-	1,019
Total current liabilities		5,482	8,084
Total equity and liabilities		88,217	76,798

For the year ended 31 December 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

These financial statements of Lowell Financial Ltd, Company No. 04558936, were approved by the Board of Directors on 11 February 2025.

Signed on behalf of the Board of Directors by:



F Barker
Director

11 February 2025

The notes on pages 14 to 32 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share Capital £000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1 January 2022	22,490	(6)	40,690	63,174
Profit for the year	-	-	5,540	5,540
Balance at 31 December 2022	22,490	(6)	46,230	68,714
Profit for the year	-	-	12,340	12,340
Balance at 31 December 2023	22,490	(6)	58,570	81,054

The notes on pages 14 to 32 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Net cash inflow from operating activities	17	1,708	1,090
Financing activities			
Payment of lease liabilities	10	(1,086)	(1,553)
Net cash generated from financing activities		(1,086)	(1,553)
Net (decrease)/increase in cash and cash equivalents		622	(463)
Cash and cash equivalents at beginning of year		1,221	1,694
Exchange differences		-	(10)
Cash and cash equivalents at end of year		1,843	1,221

The notes on pages 14 to 32 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

General information and basis of preparation

These financial statements are prepared under the historical cost convention and in accordance with applicable international accounting standards in conformity with the requirements of the Companies Act 2006. Those standards have been applied consistently to all periods presented in these financial statements.

Going concern

The Directors have made a going concern assessment for the Company, covering a period of at least 12 months from the date of approval of these financial statements. This assessment included considerations of forecasts prepared by Garfunkelux Holdco 2 S.A. ("GH2") and its subsidiaries (together "the GH2 Group").

As part of the assessment the Directors considered severe but plausible scenarios, including a significant reduction in collections. This assessment indicated that the Company would maintain sufficient liquidity and cash reserves even in downside scenarios.

The GH2 Group is however reliant on successful refinancing of the GH2 Group's existing high yield bonds ("Notes"), due to expire 1 November 2025 and 1 May 2026, and the Revolving Credit Facility (RCF), due to expire on 4 August 2025. While the Directors understand that discussions regarding the re-financing of the RCF are ongoing, the GH2 Group recently announced that it can now proceed with a fully consensual implementation of its recapitalisation transaction which would extend the maturity of the Notes by three years and incorporate a 10% cash paydown on at the point the refinancing is executed. Whilst the outcome of the discussions on the RCF are uncertain at the signing of these financial statements, the Directors are confident they will lead to a successful re-financing ahead of the existing maturities.

Based on the above, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, this matter indicates the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Revenue

Revenue represents amounts receivable for providing services as a debt collection agency, net of VAT, to other Group companies all of which arose in the UK.

Performance obligations within service contracts are the collection of cash and hence these are satisfied when the Group collects on debt. Payment is due from clients shortly after cash is collected on their behalf. Revenue is recognised when performance obligations are satisfied.

Collection activity costs

Collection activity costs represent direct staff costs and the direct third-party costs in providing services as a debt collection agency or collecting debts on acquired portfolio investments; examples include printing and postage, third party commissions, search and trace costs, litigation, telephone and SMS text costs. They are recognised as the costs are incurred (accruals basis).

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position (SFP) when the Company becomes a party to the contractual provisions of the instrument.

Amortised cost financial assets

A financial asset is measured at amortised cost if both of the following conditions are met:

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

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Trade and other receivables'. Trade and other receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables (including Trade receivables) when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those held at fair value through profit or loss / SCI (FVTPL), are assessed for indicators of impairment at each year end. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

All financial liabilities held by the Company are measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Fair value measurements

The fair value of financial instruments is determined in accordance with IFRS 13 (Fair Value Measurement), as described in Note 16.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the SFP date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

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

Office equipment	5 years
Fixture and fittings	5 years
Hardware	5 years
Leasehold improvements	Life of lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income (SCI).

Leases

Leases and Right-of-use assets

The Company leases various properties and equipment. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases and Right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. This is the case if the contract gives the right to control the use of an asset for a period of time in exchange for consideration. This right to control is established if:

- > The Company has the right to obtain substantially all of the economic benefits from use of the asset; and
- > The Company has the right to direct the use of the asset.

The identified asset should be physically distinct or be implicitly specified at the time the asset is made available. Even if the asset is specified, the Company does not have the right to use the asset if the supplier has the substantive right to substitute the asset throughout the period of use. If the contract is for use of a portion of an asset that is not physically distinct, it is not an identified asset unless it represents substantially all of the capacity of that asset.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received plus any initial direct costs and an estimate of restoration costs.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Pensions

The Company operates a defined contribution scheme for the benefit of its colleagues. Contributions payable are charged to the SCI in the year they are payable.

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each SFP date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the SFP date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management has determined there are no critical accounting judgements or sources of estimation uncertainty in preparing these financial statements.

3. SIGNIFICANT RISKS

In the normal course of business, the Company is exposed to the following risks:

- > Credit risk
- > Market risk
- > Liquidity risk
- > Conduct risk
- > Operational risk
- > Regulatory risk

Credit risk

Credit risk is the risk of financial loss to the Company if a customer to a financial instrument fails to meet its contractual payment obligations.

The Company's primary credit risk arises from the risk that customers cannot make payments and subsequently the Company's servicing fee is reduced. Concentration risk of customers is limited due to the high number of individual customers and the relatively low value of each of the individual's debts. Further credit risk exists around Lowell Portfolio I Limited, a subsidiary of the Group, paying the Company its servicing fee. By the nature of the intercompany relationship and with both entities benefitting the Group, the risk of Lowell Portfolio I Limited failing to meet payment obligations to the Company is low.

The Company has potential exposure to credit risk on its intercompany debtors. By nature, intercompany positions are all held with companies within the wider Group and therefore under management of the group treasury function. The group treasury function uses robust planning to ensure that funds are available where required to repay contractual intercompany positions.

Macro-economic conditions

There is continuing evidence of the adverse effects of concerns relating to economic contraction in the UK along with recent inflationary pressures and the rising costs of living. In response to such pressure, the Bank of England's Monetary Policy Committee has increased the Bank Rate several times since December 2021. The outlook for interest rates in the year ahead is progressively downwards but over an uncertain time period. Any increases would continue to have a negative impact on the ability of consumers to repay their existing debts. As a result these challenging macro-economic conditions may adversely affect the performance of collections which could experience higher delinquency and default rates than anticipated leading to performance challenges through extended forbearance and increased litigation.

Market risk

The Company solely provides services to other subsidiaries within the Group, therefore the market risk is considered to be reflective of the Group's market risk, due to the integrated nature of the entities.

Market risk is the risk of changes caused by market variables such as prices, type and timing of debt coming to the market, i.e. the cost of consumer debt portfolios. By only bidding for consumer debt portfolios up to a price that enables the Group to expect a yield high enough to cover all costs of

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT RISKS (continued)

Market risk (continued)

collection and to make a contribution to overhead costs, Lowell Portfolio I Limited minimises its risk against the cost of these portfolios. The Group uses sophisticated pricing models along with extensive customer and market data to establish the profitability of portfolios coming to market. The Group monitor its pricing assumptions through an Investment Committee.

The Group manages the unpredictability of the market through a number of financing structures. As at 31 December 2023 the Group has in place a £431.8m loan with its immediate parent and is also party to the GH2 Group RCF of €455.0m and an asset backed facility of £570.0m. These facilities allow the Group the flexibility to bid on portfolios as and when they come to market and to not be restricted by cash flow constraints.

Liquidity risk

Liquidity risk is the risk of the Company being unable to meet its financial obligations as they fall due, due to insufficient cash, cash equivalents and available drawings. The liquidity risk is minimised as the Company's main financial liability is one due to another Group company rather than a third party. Financial support is provided by the Company's parent, Metis Bidco Limited.

Conduct risk

The Financial Conduct Authority (FCA) introduced new regulations which came into force in July 2023, known as the Consumer Duty, obliging financial services companies to put consumers' needs first and deliver higher standards of consumer protection. We implemented the Consumer Duty ahead of the implementation date, delivering on the cross-cutting rules that require firms to act in good faith, avoid causing foreseeable harm, and enabling and supporting customers to pursue their financial objectives.

Our mission to make credit work better for all aligns with the Duty to deliver good outcomes to consumers. This includes putting their needs first, ensuring they receive communications they can understand, providing products and services that meet their needs, whilst offering fair value and the support they need when they need it. Failure to embed the consumer duty in our business or retain sufficient evidence to demonstrate the Duty could result in regulatory scrutiny and potential sanctions.

The ultimate penalty would be if the FCA deemed the Company's and Group's conduct and customer interaction to be so poor that they sought to impose a financial penalty and/or financial redress for customers. The directors are not aware of any indication that this is a possibility and seek to minimise the risk by focussing on good customer outcomes through a series of policies, processes, training, and the monitoring of actions. These are reported through the governance structure involving the Board and Executive Consumer Duty Champions who ensure the Consumer Duty is raised regularly in all relevant discussions and challenge management's focus on and embedment of the Duty.

Whistleblowing

We actively promote a culture where colleagues are empowered to speak up and are protected when they do so. Colleagues can do this via a mix of formal and informal channels that provide colleagues the ability to share their feedback and raise concerns, ensuring colleague voices are heard. The Company's policy and procedure for whistleblowing are available on our intranet and sets out the options available to colleagues wishing to raise concerns with confidence and protection. If a colleague wishes to raise a concern anonymously, an online portal and telephone line hosted by Positive People HR is available.

Operational risk

Operational risk is defined by the Company as the risk arising from inadequate or failed internal systems, processes, controls, people or resulting from internal/external events affecting the operation of the Company and the Group. The Board of Directors are responsible for approving the Group's risk appetite statement, which guides the day-to-day management of operational risk by

line managers. The Company maintains a register of operational risks and controls, which are subject to regular assessment and testing.

Our approach to operational risk extends to information risk, affecting data management, data protection, and cybersecurity. Cyber threats are continuously evolving and the risk of cyber-attacks is increasingly material, due to the ongoing increase in the volume and complexity of external threats. We continue to

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT RISKS (continued)

Operational risk (continued)

take proactive steps to manage security and resilience risks and enhance our cyber and technology controls.

The Company depends on third parties providing outsourced services including technology, communications, and some operational activities. If these third parties fail to deliver their obligations in a timely manner or to sufficient standards or raise prices to unreasonable levels, the Company may experience a disruption to the services it provides to customers. The directors are not aware of any indication that this is a possibility and seek to minimise the risk by focusing on operational resilience through its policies and monitoring activities.

The Company recognises that the complete elimination of operational risk is unlikely and economically prohibitive. When incidents occur, they are promptly reported in our risk system of record, ensuring we address impacts and root causes, communicate clearly with impacted customers, and take action to minimise reoccurrence.

Operational Resilience

Operational Resilience is defined by the Company and the Group as the ability to prevent, adapt, respond to, recover, and learn from operational disruptions. The Company has identified the important business services that, if disrupted, can cause intolerable harm to customers. The services are monitored and maintained to avoid disruptions that exceed the Board approved impact tolerances. The Company and the Group consider all dependencies the services have, and implement business continuity, disaster recovery, and crisis response plans for the restoration of important business services should they be impacted through a continuity event.

Disruptions from cyber-attacks are an increasing threat to all organisations, and the ability to protect the Company from, respond to, and recover from a cyber-attack is critical. The Company has developed and tested a series of playbooks that provide technical guidance and ensure prompt reaction, containment, remediation, and recovery from cyber-attacks.

The Company recognises that it is impossible to eliminate all threats to our important business services. To prove its ability to operate within its impact tolerances when continuity events materialise, scenario-based exercises are conducted. The outcomes of scenario tests are used to strengthen our existing resilience capabilities and identify areas of increased operational risk ensuring the business responds to these weaknesses appropriately and remains within risk appetite.

The Company has a requirement to comply with operational resilience rules introduced by the Financial Conduct Authority (FCA) by April 2025. The Digital Operations Resilience Act (DORA) came into force in January 2023 and will apply to EU banks, insurance companies and investment firms from January 2025. Although DORA does not directly apply to the Company, our clients may include the Company in scope for their third-party risk management requirements.

Regulatory risk

Regulatory risk is the risk that regulatory developments and / or a shift in regulatory focus and requirements adversely impact on the business model and / or profitability leading to associated increased cost and risks to objectives. This is an ongoing risk across the sector.

These risks are actively monitored and managed through Risk Management Committees with senior management ownership identified for key risks.

NOTES TO THE FINANCIAL STATEMENTS

4. INCOME FROM DEBT COLLECTION SERVICES

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Collections services to other Group securitisation entities	26,575	22,575
Collections services to Lowell Portfolio I Limited	156,039	91,787
Third party collections	4,034	1,029
Total	186,648	115,391

5. STAFF COSTS

a) Staff costs

The average number of employees (including directors) was:

	Year ended 31 December 2023	Year ended 31 December 2022
Operational staff	947	696
Business support	52	62
Total	999	758

Their aggregate remuneration comprised:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Wages and salaries	32,166	22,776
Social security costs	2,993	2,181
Pension costs	945	569
Total	36,104	25,526

b) Directors' remuneration

The following table shows the amount of remuneration to directors in respect of their services provided to the Company.

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Directors' emoluments	589	775

NOTES TO THE FINANCIAL STATEMENTS

5. STAFF COSTS (continued)

b) Directors' remuneration (continued)

All the directors provided services to the wider Group and J S Pears also provided services to other entities in the Garfunkelux S.A.R.L. group.

The number of directors who have benefits accruing under defined contribution pension schemes is three (year ended 31 December 2022: three).

The highest paid director received remuneration in respect of services to the Company of £209,022 (year ended 31 December 2022: £252,000).

6. PROFIT/LOSS BEFORE TAX

Profit/loss for the year has been arrived at after charging:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Depreciation of property, plant and equipment	1,081	1,180
Staff costs (Note 5)	36,104	25,526

7. AUDIT FEE

Audit fees in respect of the audit of these financial statements were £nil (year ended 31 December 2022: £nil).

8. FINANCE COSTS

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Realised (gain)/loss on foreign exchange	-	(12)
Interest expense from lease liabilities	68	72
Total	68	60

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX

a) Amounts recognised in the Statement of Comprehensive Income

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Deferred tax		
Current year	120	36
Prior year adjustment	128	119
Impact of change in tax rate	7	(393)
Total deferred tax (credit)/charge (Note 12)	255	(238)
Total tax (credit)/charge	255	(238)

The standard rate of corporation tax applied to profits is 23.5% (2022: 19%). An increase in the UK corporation tax rate from 19% to 25% was effective from 1 April 2023.

Deferred taxation is measured at the tax rates that are expected to apply in the periods in which the temporary timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the statement of financial position date. Accordingly, deferred tax balances have been calculated using a rate of 25%. The latest change in future tax rates will be reflected in the 2023 financial statements.

b) Reconciliation of effective tax rate

The tax assessed for the year is lower (year ended 31 December 2022: lower/resulting in tax credit) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2023 of 23.52% (year ended 31 December 2022: 19.00%). The differences are explained below:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Profit on ordinary activities before tax	12,596	5,302
Tax charge on profit on ordinary activities at standard UK corporation tax rate of 23.52% (year ended 31 December 2022: 19.00%)	2,963	1,007
Effects of:		
Adjustment to tax charge in respect of previous periods	128	119
Expenses not deductible	-	1
Income not taxable	-	(33)
Tax rate changes	7	(34)
Group relief	(2,843)	(1,298)
Total tax charge/(credit) for the year	255	(238)

NOTES TO THE FINANCIAL STATEMENTS

10. LEASES

The Company's leases

The Company's leases represent right-of-use assets and their corresponding lease liabilities in respect of its office properties and office equipment.

There were two main property leases, one which was negotiated for a lease term of 15 years, which commenced on 9 December 2013, and the other which was negotiated for a lease term of 12 years, which commenced on 1 July 2016. Both leases included options to terminate in November 2023 which the Group successfully negotiated. The Group relocated to the new office in 2023 and committed a new lease agreement through another Group company.

During 2020, the Group made the decision to plan for a relocation of office in 2023 to a new property and committed a new lease agreement through another Group company.

a) Right-of-use assets

Amounts recognised on the balance sheet

	31 December 2023 £'000	31 December 2022 £'000
Leasehold Property	-	1,081
Total	-	1,081

Right-of-use assets are included within 'Property, plant and equipment' in the balance sheet.

Additions to right-of-use assets during the 2023 financial year were nil (year ended 31 December 2022: nil).

There was no evidence of impairment on right-of-use assets at 31 December 2023 (year ended 31 December 2022: nil).

b) Lease liabilities

	31 December 2023 £'000	31 December 2022 £'000
Current	-	1,019
Total	-	1,019

Lease liabilities are included in the line item 'Other financial liabilities' in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

10. LEASES (continued)

c) Amounts recognised in the statement of comprehensive income

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Depreciation charge for right-of-use assets		
Leasehold Property	1,081	1,180
Total	1,081	1,180

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Finance costs		
Interest expense	68	72

The total cash outflow for leases in 2023 was £1.1m (year ended 31 December 2022: £1.5m).

d) Other commitments

Other than the information noted above for leases, the Company has no other outstanding commitments at 31 December 2023 (31 December 2022: none).

11. TRADE AND OTHER RECEIVABLES

	31 December 2023 £'000	31 December 2022 £'000
Amounts owed by Group undertaking (Note 19)	81,326	69,171
Other receivables	573	2,338
Prepayments and accrued income	3,333	1,590
Total	85,232	73,099

NOTES TO THE FINANCIAL STATEMENTS

12. DEFERRED TAX

Deferred taxation assets recognised in the financial statements are as follows:

	Accelerated Capital Allowances £'000	Deferred Tax on losses £'000	Total £'000
At 1 January 2022	160	1,236	1,396
Credited to the income statement	(48)	-	(48)
Prior year adjustment	150	(357)	(207)
Rate change	-	-	-
At 31 December 2023	262	879	1,141

13. TRADE AND OTHER PAYABLES

	31 December 2023 £'000	31 December 2022 £'000
Trade payables	1,224	1,166
Accruals and deferred income	4,222	4,155
Other payables	36	114
Total	5,482	5,435

14. PROVISIONS

	Client payments £'000	Dilapidations & Restoration £'000	Other £'000	Total £'000
At 1 January 2022	40	1,567	690	2,297
Provisions made during the year	-	63	-	63
Provisions utilised during the year	(40)	-	(690)	(730)
At 31 December 2022	-	1,630	-	1,630
Provisions made during the year	-	50	-	50
Provisions utilised during the year	-	-	-	-
At 31 December 2023	-	1,680	-	1,680

The Company recognises a provision for the dilapidation costs in respect of leased properties. The Group is committed to restoring the premises to their original state at the end of the lease term. The Group relocated in 2023 to a new property and used the termination option in November 2023 for the current main property lease. The amount due to the landlord was not agreed at the end of the year so the provision will remain until settled.

NOTES TO THE FINANCIAL STATEMENTS

15. SHARE CAPITAL

	31 December 2023 £'000	31 December 2022 £'000
Share Capital		
224,900,001 A Ordinary shares of £0.10 each	22,490	22,490
1 T Ordinary share of £0.01 each	-	-
Total	22,490	22,490

60,000,000 A Ordinary shares are allotted and paid.

164,900,001 A Ordinary shares are allotted but unpaid.

On 24 September 2014 the Company:

- a) re-designated its Ordinary Shares into A Ordinary Shares; and
- b) issued one T Ordinary Share (nominal value of £0.01 each) at par for cash.

The rights attached to the Ordinary Shares are as follows:

T Ordinary Share (T Share)

Income: In relation to each financial period the holder of the T Share shall accrue a fixed cumulative dividend of £1.00. The fixed cumulative dividend shall accrue on each date for payment until such time as the Company shall elect to pay.

Voting: The holder of the T Share shall not be entitled to receive notice of, or attend and speak at or vote at any general meeting of the Company.

The holder of the T Share shall have the right to receive notice of, and to attend, any general meeting of the Company at which a resolution to elect or remove a Director will be proposed. In respect of such resolutions, the holder of the T Share has the right to speak and exercise 25% of the total number of votes (by way of poll), and for these purposes, each holder of T Shares shall have one vote for each T Share held.

Capital: On a return of capital on liquidation, reduction of capital or otherwise, the holder of the T Share shall be entitled to a sum equal to the issue price.

A Ordinary Shares (A Shares)

Income: The profits of the Company available for distribution and resolved to be distributed shall be distributed to the holders of the A Shares pro rata to the number of A Shares held.

Voting: The holders of the A Shares shall have the right to receive notice of, and to attend, speak at and vote at any general meeting of the Company.

In respect of any general meeting of the Company at which a resolution to elect or remove a Director will be proposed the holders of the A shares have the right to speak and exercise 75% of the total number of votes (by way of poll), and for these purposes, the holders of the A Shares shall have one vote for each A Share held.

Capital: On a return of capital on liquidation, reduction of capital or otherwise, the balance of any assets available for distribution shall be distributed by paying each holder of the A Shares a sum equal to the issue price, thereafter of the balance remaining to the holders of A Shares only, pro rata to the number of A Shares held.

NOTES TO THE FINANCIAL STATEMENTS

16. FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 1.

Maturity of financial liabilities

The following tables show the Company's contractual maturities of financial liabilities including interest payments relating to the amounts owed to Group undertakings as at the Statement of Financial Position dates:

31 December 2023

	Carrying Amount £'000	Contractual cash flows £'000	0-6 months £'000	6-12 months £'000	1-5 years £'000	Over 5 years £'000
Lease liabilities	-	-	-	-	-	-
Trade and Other Payables	5,482	5,482	5,482	-	-	-
Total liabilities	5,482	5,482	5,482	-	-	-

31 December 2022

	Carrying Amount £'000	Contractual cash flows £'000	0-6 months £'000	6-12 months £'000	1-5 years £'000	Over 5 years £'000
Lease liabilities	1,019	1,036	777	259	-	-
Trade and Other Payables	5,435	5,435	5,435	-	-	-
Total liabilities	6,454	6,471	6,212	259	-	-

Categories of financial instruments

	31 December 2023 £'000	31 December 2022 £'000
Financial assets		
Cash and cash equivalents	1,843	1,221
Trade and other receivables	85,232	73,099
Financial liabilities		
Other financial liabilities	-	1,019
Trade and other payables	5,482	5,435
Provisions	1,680	1,630

NOTES TO THE FINANCIAL STATEMENTS**16. FINANCIAL INSTRUMENTS (continued)****Fair value of financial instruments**

Except as detailed in the following table, the directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

	Carrying amount		Fair Value	
	31 December 2023 £'000	31 December 2022 £'000	31 December 2023 £'000	31 December 2022 £'000
Financial assets				
Trade and other receivables	85,232	73,099	85,232	73,099
Total financial assets	84,822	73,099	84,822	73,099
Financial liabilities				
Trade and other payables	5,482	5,435	5,482	5,435
Other financial liabilities	-	1,019	-	1,019
Provisions	1,680	1,630	1,630	1,630
Total financial liabilities	7,162	8,084	7,162	8,084

The fair values of financial assets and financial liabilities are determined as follows.

- > The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- > The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of non-financial instruments have been considered and it was determined that the fair value is materially equal to their carrying value therefore no additional disclosure has been made.

NOTES TO THE FINANCIAL STATEMENTS

17. NOTES TO THE CASH FLOW STATEMENT

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Profit for the year	12,595	5,302
Adjustments for:		
Depreciation of property, plant and equipment	1,081	1,180
(Increase)/decrease in trade and other receivables	(12,133)	(7,274)
Increase/(decrease) in trade and other payables	47	2,340
Increase/(decrease) in provisions	50	(667)
Net finance costs	68	60
Cash generated from operating activities	1,708	941
Income taxes (paid)/received	-	149
Net cash from operating activities	1,708	1,090

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Cash and bank balances	1,843	1,221

18. RETIREMENT BENEFIT SCHEME

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees.

The total cost charged to the income statement of £944,406 (year ended 31 December 2022: £568,787) represents contributions payable to the scheme by the Company at rates specified in the rules of the schemes. As at 31 December 2023, contributions of £nil (31 December 2022: £320k) due in respect of the current reporting year had not been paid over to the scheme.

NOTES TO THE FINANCIAL STATEMENTS

19. RELATED PARTY TRANSACTIONS

In December 2020 the Company became a wholly owned subsidiary undertaking of Metis Bidco Limited.

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Transactions with related parties		
Group Undertakings		
Service fee charged to Lowell Portfolio I Limited	153,425	91,696
Service fee charged to Lowell Receivables Financing 1 Limited	11,687	7,813
Service fee charged to Lowell Receivables Financing 2 Limited	13,856	14,761
Service fee charged to Wolf Receivables Financing plc	5,850	1,889
Service fee charged by Lowell Legal Limited (formerly Lowell Solicitors Limited)	(779)	(6,814)
Service fee charged by Overdales Legal Limited	(42,802)	(20,924)
Expenses and costs recharged from Lowell UK Shared Services Limited	(53,463)	(22,232)
Group management fee from Lowell Group Shared Services Ltd	48	(25)

All transactions are on an arm's length basis.

Amounts owed to / by Group undertakings are non-interest bearing and repayable on demand.

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Year end balances with related parties		
Intermediate Parent Undertaking		
Metis Bidco Limited (trading)	(495)	(209)
Simon Bidco Limited	3,091	3,094
Other Group Undertakings		
Lowell Legal Limited (formerly Lowell Solicitors Limited)	(5,540)	(3,260)
Lowell Portfolio I Limited	166,012	78,127
Lowell UK Shared Services Limited	(62,458)	(11,019)
Overdales Legal Limited	(19,362)	3,135
Lowell Group Shared Services Limited	1,609	319
Hoist Finance UK Ltd	206	92
Wolf Receivables Financing plc	(1,652)	(1,652)
Lowell Financial Services GmbH	5	-

NOTES TO THE FINANCIAL STATEMENTS

19. RELATED PARTY TRANSACTIONS (continued)

Remuneration of key management personnel

The remuneration of key management personnel of the Company, in respect of their services provided to the Company, is set out below in aggregate for each of the categories specified in IAS 24 (Related Party Disclosures):

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Directors' emoluments	589	775

20. ULTIMATE CONTROLLING PARTY

The Company is a subsidiary undertaking of Garfunkelux S.A.R.L., which is the ultimate parent company, incorporated in Luxembourg.

The largest group in which the results of the Company are consolidated is that headed by Garfunkelux Holdco 2 S.A., incorporated in Luxembourg. The smallest group in which they are consolidated is that headed by Metis Bidco Limited, incorporated in England and Wales. The consolidated financial statements of Garfunkelux Holdco 2 S.A. and Metis Bidco Limited are each available from their registered offices at 488, route de Longwy, L – 1940, Luxembourg and at No. 1 The Square Thorpe Park View, Thorpe Park, Leeds, England, LS15 8GH respectively.