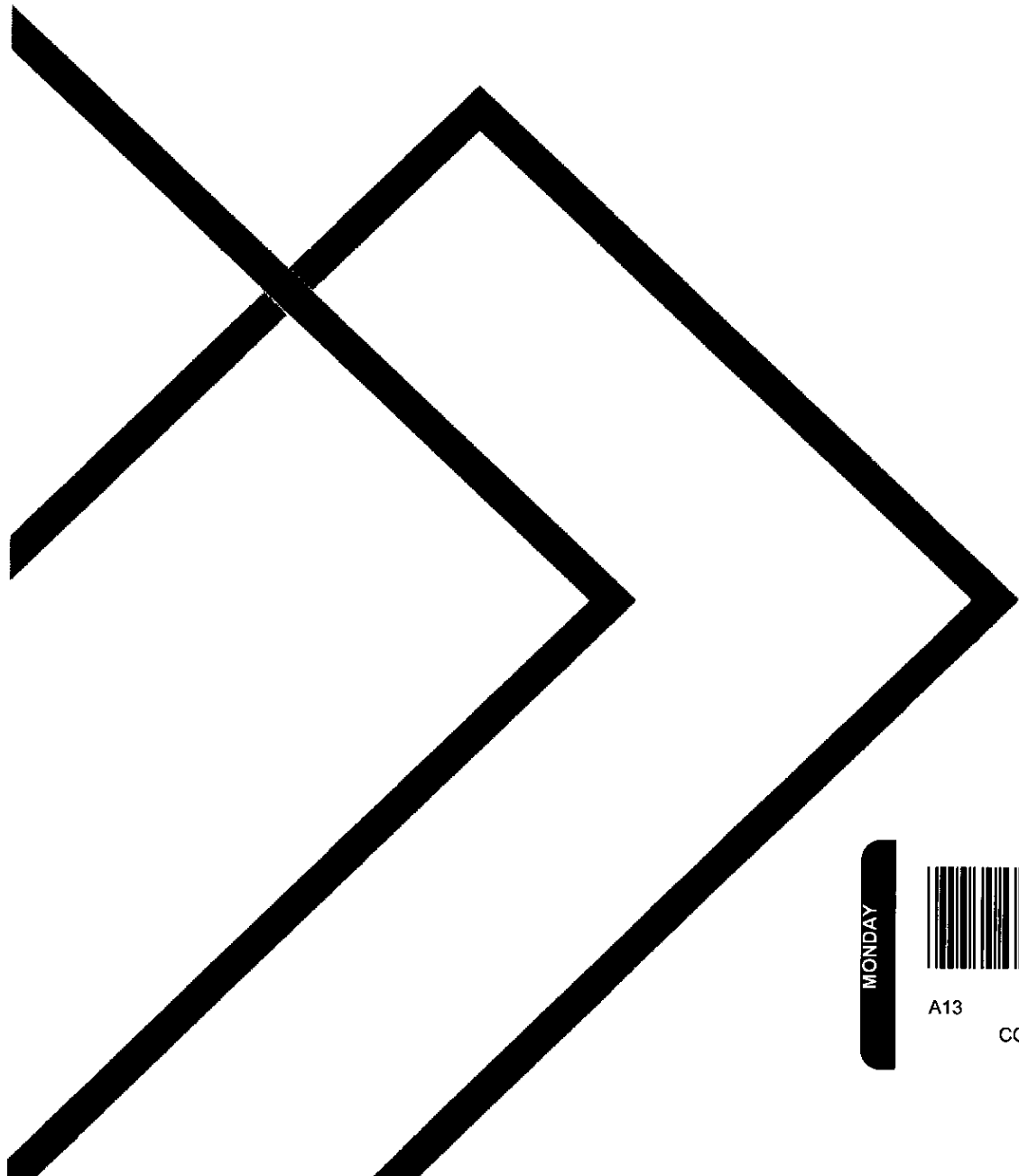


# LOWELL FINANCIAL LTD

Report and Financial Statements  
Year ended 31 December 2022



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REPORT AND FINANCIAL STATEMENTS  
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**LOWELL FINANCIAL LTD  
REPORT AND FINANCIAL STATEMENTS  
OFFICERS AND PROFESSIONAL ADVISORS**

**Directors**

C Marsh  
H McGregor (Resigned 31 October 2022)  
J S Pears  
K M Morgan (Appointed 1 July 2022)  
F C Barker (Appointed 1 July 2022)  
K M Blake (Appointed 1 July 2022)  
J P Flaherty (Resigned 01 July 2022)  
C G Storrar (Resigned 01 July 2022)  
C B Gunnigle (Appointed 13 December 2022)

**Registered office**

No 1 The Square Thorpe Park View  
Thorpe Park  
Leeds  
England  
LS15 8GH

**Banker**

National Westminster Bank plc  
250 Bishopsgate  
London  
EC2M 4AA

**Solicitors**

DAC Beachcroft LLP  
100 Fetter Lane  
London  
EC4A 1BN

Pinsent Masons LLP  
30 Crown Place  
Earl Street  
London  
EC2A 4ES

**LOWELL FINANCIAL LTD  
STRATEGIC REPORT  
YEAR ENDED 31 DECEMBER 2022**

The directors present their annual report of Lowell Financial Ltd ("the Company") for the year ended 31 December 2022. 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 remain confident that the Company, as part of the Metis Group will continue to grow as a result of further investment in non-performing debt portfolios in the UK and the provision of wider credit receivable management on behalf of third parties. The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis (further details are included in Note 1) and, after taking management actions as required, the Group and the Company maintains sufficient liquidity and cash reserves to continue as a going concern.

**DIVIDENDS**

The directors do not recommend the payment of a dividend for the year (year ended 31 December 2021: £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 conduct a number of staff briefings throughout the year that keep the Company's 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 Company, its colleagues and other stakeholders.

Key colleagues are invited to take part in a colleague share offer to apply for ordinary shares in the Company's parent Garfunkelux Holdco 1 S.A.R.L. This arrangement has been classified as an equity settled transaction because there is no obligation to settle the transaction with the colleagues.

Further details on how the Company has engaged with colleagues are included in the Section 172 Statement in the Strategic Report.

**SUPPLIERS AND CUSTOMERS**

The Company know 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 carries this out through 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.

**LOWELL FINANCIAL LTD  
STRATEGIC REPORT (continued)  
YEAR ENDED 31 DECEMBER 2022**

**CHARITABLE AND POLITICAL DONATIONS**

During the year, charitable donations the company made are £nil (year ended 31 December 2021: £57,995). 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 2021: £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 2022 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  
10 May 2024

**LOWELL FINANCIAL LTD  
STRATEGIC REPORT (continued)  
YEAR ENDED 31 DECEMBER 2022**

**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 2022 the key objectives of the Company were to

- responsibly drive collection effectiveness and efficiency
- exceed customer expectations, through driving positive customer engagement and outcomes
- manage risks with effective governance
- make Lowell a place where people can thrive and
- be the partner of choice for our clients

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.

**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 £5.3m (year ended 31 December 2021: £17.6m).

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 Section 172 Statement below.

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 32 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.

**LOWELL FINANCIAL LTD  
STRATEGIC REPORT (continued)  
YEAR ENDED 31 DECEMBER 2022**

**Section 172 Statement**

The Company has developed a strategy for the future, which is described using the five strategic priorities outlined below:

**1. Our Customers**

*"Build a brand that our customers can believe in and deliver a simple and stress-free experience for every customer, no matter their personal circumstance"*

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.

- > During 2022, Lowell engaged with the Financial Conduct Authority to respond to the Cost of Living crisis and the Board discussed the emerging impacts of the cost of living crisis on customers through KPIs such as the number of accounts put on hold for breathing space, average disposable income and the number of customers who are able to take settlement offers. In support of our focus on the Cost of Living crisis a detailed plan was developed to ensure relevant focus on customer support initiatives and management information monitoring. The first in a series of Affordability training sessions was delivered in June 2022, followed up with modules on Quality Conversations.
- > With the rising cost of living creating increasing pressure for many of our customers, it is more important than ever for customers to make sure they are not missing out on any extra financial support they could be entitled to. Lowell launched a benefits calculator, in partnership with Entitledto, one of the UK's leading benefit calculator providers to provide customers with an easy way to check that they're not missing out on any extra financial support.
- > The Customer Support hub was launched in November 2022 and offers 24/7 online help and support to build customer confidence in how the business can support them when they are in a difficult situation. As well as raising awareness of our Pledges to Customers in Vulnerable Situations, the hub provides links to relevant external organisations that can offer specialist support and encourages customers to engage with us. We continue to develop our range of content, starting with cost of living increases, and now including debt guidance, life events (such as job loss, divorce and separation), and mental health.
- > The new online complaints portal, launched in the UK during 2022, enables customers to track the progress of their complaints in real time and to receive the resolution via the App. The functionality is now live on IOS and Android mobile apps and Lowell has management information available to enable the business to view customer touchpoints along the complaints journey including how they access the complaints portal to review progress/download Final Response letters.

**2. Our People**

*"Making life at Lowell effortless, fun, supportive and engaging so our people can focus on delivering and being responsible for being their best every day"*

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, 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 new 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 2022, Lowell sought to build on its well-established values framework by introducing a new Groupwide Employer Value Proposition (EVP), Together We Go Further. The EVP is supported by four pillars; sustainability, hybrid-working, leadership development and career progression.
- > Looking ahead, our EVP will help us to attract, engage and retain our colleagues. It will also drive improvements to how we work, from improving our recruitment processes and broadening the demographics of our workforce, to improving our succession planning and embedding diversity and inclusion into all of our processes.

**LOWELL FINANCIAL LTD  
STRATEGIC REPORT (continued)  
YEAR ENDED 31 DECEMBER 2022**

**Section 172 Statement (continued)**

**2. Our People (continued)**

- > Our Colleague Engagement score in the UK has seen an increase year on year, reflecting and validating our approach of listening to colleagues and adapting to support their needs, as enshrined in our EVP.
- > Our new UK head office building has been purpose-built and is designed to reflect how we expect to work in the future. It is a great space for colleagues to meet, collaborate and connect with each other. The move was completed in Q3 2023.
- > Lowell welcomed Hoist colleagues into the Lowell family with the Hoist office in Salford, enabling Lowell to attract and retain the best talent within the industry in the North West.

**3. Our Clients**

*"Building strong relationships with our existing and potential clients, consistently adding value to our businesses"*

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 us. We seek to build long-term sustainable relationships that allow us to help our clients manage customers who have moved into arrears. This has allowed us to build partnerships with leading businesses, particularly in our key sectors of e-Commerce, Financial Services, Telecommunications and Utilities.

- > In 2022, the focus remained on strategic expansion into the UK financial services sector, specifically banking.

**4. Our Operations**

*"Develop and deliver a flexible and tailored approach for our customers, clients and colleagues alike"*

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.
- > Throughout 2022 the business deployed and monitored a range of initiatives, many of which were trial based, to aid the development of an enhanced selection criteria and optimal dialling strategies.
- > We are 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 capability and efficiency.

**5. Financial Strength**

*"Drive a leaner business by tightening our focus to deliver sustainable, profitable growth"*

The core strength of the Group remains our ability to acquire and collect on non-performing consumer debt portfolios.

- > During 2022 the UK continued to be the wider Garfunkelux Group's largest region accounting for 63% of the Group Cash EBITDA, with £2.7bn 120-month ERC.
- > Throughout 2022 the Board discussed financial strength and funding. As at December 2022, the Garfunkelux Group has available liquidity of £153m and leverage continues at the lower end of the public guidance.



**LOWELL FINANCIAL LTD  
STRATEGIC REPORT (continued)  
YEAR ENDED 31 DECEMBER 2022**

**Section 172 Statement (continued)**

By adopting the five strategic priorities above, we have formalised the relationships with our stakeholders, with other key stakeholders identified as:

**a. Regulators**

The main regulatory bodies are the Financial Conduct Authority (FCA), overseeing the debt purchase and debt collection activities; and the Solicitors Regulation Authority (SRA), overseeing litigation activities. Of these regulatory bodies, the Company is only regulated by the FCA.

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.

**b. Our Suppliers**

Our commitment to Operational Excellence means that in each step of the business we consider whether any activity should be supplied internally or externally. We ensure that contact with each of our suppliers remains proportionate to their impact on the business and undertake regular business reviews.

**c. Our Investors**

The Metis Bidco Group is made up of a number of trading subsidiaries, responsible for the Lowell operations in the UK. Engagement with Investors is predominately led by the wider Garfunkelux Group with the key engagement channel being the presentation of the quarterly results.

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



F Barker  
Director

10 May 2024

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

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.

**LOWELL FINANCIAL LTD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2022**

	Note	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
<b>Revenue</b>			
Income from debt collection services	1,4	115,391	120,557
<b>Operating expenses</b>			
Collection activity costs	1	(81,422)	(60,643)
Other expenses		(28,607)	(42,123)
<b>Total operating expenses</b>		<b>(110,029)</b>	<b>(102,766)</b>
<b>Operating profit</b>		<b>5,362</b>	<b>17,791</b>
Finance costs	8	(60)	(217)
<b>Profit before tax</b>	<b>6</b>	<b>5,302</b>	<b>17,574</b>
Income tax (charge) / credit	9	238	241
<b>Profit for the year attributable to equity shareholders</b>		<b>5,540</b>	<b>17,815</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year attributable to equity shareholders</b>		<b>5,540</b>	<b>7,815</b>

All amounts relate to continuing operations.

The notes on pages 12 to 27 form part of these financial statements.

**LOWELL FINANCIAL LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2022**

	Note	31 December 2022 £000	31 December 2021 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	1,081	2,399
Deferred tax asset	12	1,397	1,160
<b>Total non-current assets</b>		<b>2,478</b>	<b>3,559</b>
<b>Current assets</b>			
Cash and cash equivalents	17	1,221	1,694
Trade and other receivables	11	134,853	77,422
<b>Total current assets</b>		<b>136,074</b>	<b>79,116</b>
<b>Total assets</b>		<b>138,552</b>	<b>82,675</b>
<b>Equity</b>			
Share capital	15	22,490	22,490
Foreign exchange reserve		(6)	(7)
Retained surplus		46,230	40,690
<b>Total equity attributable to shareholders</b>		<b>68,714</b>	<b>63,173</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	14	1,630	1,567
Other financial liabilities	10	-	1,027
<b>Total non-current liabilities</b>		<b>1,630</b>	<b>2,594</b>
<b>Current liabilities</b>			
Trade and other payables	13	67,189	14,692
Provisions	14	-	729
Other financial liabilities	10	1,019	1,487
<b>Total current liabilities</b>		<b>68,208</b>	<b>16,908</b>
<b>Total equity and liabilities</b>		<b>138,552</b>	<b>82,675</b>


For the year ended 31 December 2022 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 10 May 2024.

Signed on behalf of the Board of Directors by:

  
 F Barker  
 Director  
 10 May 2024

The notes on pages 12 to 27 form part of these financial statements.

**LOWELL FINANCIAL LTD  
STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 31 DECEMBER 2022**

	Share Capital £000	Foreign Exchange Reserve £000	Retained Surplus £000	Total £000
<b>Balance at 1 January 2021</b>	<b>22,490</b>	<b>10</b>	<b>22,874</b>	<b>45,374</b>
Profit for the year	-	-	17,816	17,816
Movement in reserve	-	(16)	-	(16)
<b>Balance at 31 December 2021</b>	<b>22,490</b>	<b>(6)</b>	<b>40,690</b>	<b>63,174</b>
Profit for the year	-	-	5,540	5,540
<b>Balance at 31 December 2022</b>	<b>22,490</b>	<b>(6)</b>	<b>46,230</b>	<b>68,714</b>

The notes on pages 12 to 28 form part of these financial statements.

**STATEMENT OF CASH FLOWS  
YEAR ENDED 31 DECEMBER 2022**

	Note	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
<b>Net cash from operating activities</b>	<b>17</b>	<b>2,402</b>	<b>3,089</b>
<b>Investing activities</b>			
<b>Financing activities</b>			
Payment of lease liabilities	10	(1,553)	(1,960)
Expenses and fees paid		(1,312)	-
<b>Net cash (used in) financing activities</b>		<b>(2,865)</b>	<b>(1,960)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(463)</b>	<b>1,129</b>
Cash and cash equivalents at beginning of year		1,694	582
Exchange differences		(10)	(17)
<b>Cash and cash equivalents at end of year</b>		<b>1,221</b>	<b>1,694</b>

The notes on pages 12 to 27 form part of these financial statements.

**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**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**

These financial statements have been prepared on a going concern basis, as the Company's parent company Metis Bidco Limited, has indicated that it will provide financial support to the Company for a period of at least one year from the date of the approval of the financial statements, to enable it to discharge its liabilities as they fall due.

Work has been performed at both Company and Group level, including forecasting of severe but plausible downsides, which show that combined operating cash flows of the Group, together with the cash resources and borrowings under the Garfunkelux Group's Revolving Credit Facility, will be sufficient to fund the Company's debt and tax servicing requirements as they become due, working capital requirements and anticipated debt purchases.

Further explanation of the assessment of going concern of the Company's parent Metis Bidco Limited can be found on page 24 of the Metis Bidco Limited report and consolidated financial statements for the year ended 31 December 2022.

**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).

**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.

**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**1. ACCOUNTING POLICIES (continued)**

***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.

***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
Fixtures 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.

**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**1. ACCOUNTING POLICIES (continued)**

***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.

***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



**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**1. ACCOUNTING POLICIES (continued)**

***Deferred tax (continued)***

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.*

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

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty 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.

**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.

**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 collection and to make a contribution to overhead costs, Lowell Portfolio I Limited minimises its

**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**3. SIGNIFICANT RISKS (continued)**

**Market risk (continued)**

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. Lowell Portfolio I Limited manages the unpredictability of the market through a Revolving Credit Facility (RCF). As at 31 December 2022 Lowell Portfolio I Limited had access to a wider group RCF of €455m. This Group facility allows the business the flexibility to bid on portfolios as and when they come to market and to not be restricted by cash flow constraints.

**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. Interest rates may further change in the future and the existing increases and any further increases in interest rates could 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.

**Conduct risk**

Conduct risk is the risk of actions, practices, behaviours or decisions leading to inappropriate or inadequate customer outcomes. 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 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 fair customer outcomes through a series of policies and the monitoring of actions. These are reported through a comprehensive structure to uphold the 6 Principles of Treating Customers Fairly with the outcome of these activities also scrutinised externally through regular client audits.

The Financial Conduct Authority introduced a new Consumer Duty, with an implementation deadline in 2023, to bring about a fairer, more consumer-focused, and level playing field in which, firms compete vigorously in the interests of consumers. Failure to implement the standards or provide sufficient evidence to the regulator the Company is on track to be compliant with the Duty could result in regulatory scrutiny and potential sanctions. The Company will ensure sufficient resources are available to verify the customer journey achieves good customer outcomes in line with regulatory timelines.

**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. The risk of cyber-attacks impacting business operations is increasingly material, due to the ongoing increase in the volume and complexity of external threats. We continue to take proactive steps to manage security and resilience risks and enhance our cyber and technology controls.

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.

**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**3. SIGNIFICANT RISKS (continued)**

**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.

**4. INCOME FROM DEBT COLLECTION SERVICES**

	Year ended 31 December 2022 number	Year ended 31 December 2021 number
Collections services to other Group securitisation entities	22,575	13,623
Collections services to Lowell Portfolio I Limited	91,787	106,068
Third party collections	1,029	866
<b>Total</b>	<b>115,391</b>	<b>120,557</b>

**5. STAFF COSTS**

**a) Staff costs**

The average number of employees (including directors) was:

	Year ended 31 December 2022 number	Year ended 31 December 2021 number
Operational staff	696	692
Business support	62	45
<b>Total</b>	<b>758</b>	<b>737</b>

Their aggregate remuneration comprised:

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Wages and salaries	22,776	20,540
Social security costs	2,181	1,921
Pension costs	569	619
<b>Total</b>	<b>25,526</b>	<b>23,080</b>

**b) Directors' remuneration**

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

**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**5. STAFF COSTS (continued)**

**b) Directors' remuneration (continued)**

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Directors' emoluments	775	209

All the directors provided services to the wider Group and C G Storrar 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 2021: three).

The highest paid director received remuneration in respect of services to the Company of £252,000 (year ended 31 December 2021: £126,000).

**6. PROFIT/LOSS BEFORE TAX**

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

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Depreciation of property, plant and equipment (Note 10)	1,180	1,436
Staff costs (Note 5a)	25,526	23,080
Provision expense (Note 14)		(5,553)

**7. AUDIT FEE**

Audit fees in respect of the audit of these financial statements were £nil (year ended 31 December 2021: £51,000).

**8. FINANCE COSTS**

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Realised (gain)/loss on foreign exchange	(12)	1
Interest expense on lease liabilities	72	216
<b>Total</b>	<b>60</b>	<b>217</b>

**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**9. INCOME TAX**

**a) Amounts recognised in the Statement of Comprehensive Income**

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
<b>Deferred tax</b>		
Current year	36	75
Adjustment in respect of previous periods	119	(105)
Effects of changes in tax rates	(393)	(211)
<b>Total deferred tax (credit)/charge (Note 12)</b>	<b>(238)</b>	<b>(241)</b>
<b>Total tax (credit)/charge</b>	<b>(238)</b>	<b>(241)</b>

The Finance Bill 2021 provided for the rate of corporation tax rate to be maintained at 19% but from April 2023 to be 25%, this Finance Bill received Royal assent in June 2021.

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 2022 financial statements.

**b) Reconciliation of effective tax rate**

The tax assessed for the year is lower (year ended 31 December 2021: lower/resulting in tax credit) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2022 of 19.00% (year ended 31 December 2021: 19.00%). The differences are explained below:

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
<b>(Loss)/profit on ordinary activities before tax</b>	<b>5,302</b>	<b>17,574</b>
Tax (credit)/charge on profit on ordinary activities at standard UK corporation tax rate of 19.00% (2021:19.00%)	1,007	3,339
Effects of:		
Adjustments in respect of prior periods	119	(105)
Expenses not deductible	1	-
Income not taxable	(33)	(211)
Tax rate changes	(34)	-
Group relief	(1,298)	(3,264)
<b>Total tax (credit)/charge for the year</b>	<b>(238)</b>	<b>(241)</b>

**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**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 has been negotiated for a lease term of 15 years, which commenced on 9 December 2013, and the other which has been negotiated for a lease term of 12 years, which commenced on 1 July 2016. Both leases included options to terminate in November 2023 and the group successfully negotiated the termination.

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**

	<b>31 December 2022 £000</b>	<b>31 December 2021 £000</b>
Leasehold Property	1,081	2,399
<b>Total</b>	<b>1,081</b>	<b>2,399</b>

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

Additions to right-of-use assets during the 2022 financial year were nil (year ended 31 December 2021: nil).

There was no evidence of impairment on right-of-use assets at 31 December 2022 (year ended 31 December 2021: nil).

**b) Lease liabilities**

	<b>31 December 2022 £000</b>	<b>31 December 2021 £000</b>
Non-current	-	1,027
Current	1,019	1,487
<b>Total</b>	<b>1,019</b>	<b>2,514</b>

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

**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**10. LEASES (continued)**

**c) Amounts recognised in the statement of comprehensive income**

	<b>31 December 2022 £000</b>	<b>31 December 2021 £000</b>
<b>Depreciation charge for right-of-use assets</b>		
Leasehold Property	1,180	1,436
<b>Total</b>	<b>1,180</b>	<b>1,436</b>

	<b>31 December 2022 £000</b>	<b>31 December 2021 £000</b>
<b>Finance costs</b>		
Interest expense	72	216

The total cash outflow for leases in 2022 was £1.5m (year ended 31 December 2021: £1.9m).

**d) Other commitments**

Other than the information noted above for leases, the Company has no other outstanding commitments at 31 December 2022 (31 December 2021: none).

**11. TRADE AND OTHER RECEIVABLES**

	<b>31 December 2022 £000</b>	<b>31 December 2021 £000</b>
Trade receivables	-	-
Other receivables	2,338	962
Prepayments and accrued income	1,590	988
Amounts owed by Group undertakings (Note 20)	130,925	75,472
	<b>134,853</b>	<b>77,422</b>

**12. DEFERRED TAX**

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

	<b>Accelerated Capital Allowances £000</b>	<b>Short term timing differences £000</b>	<b>Deferred tax on losses £000</b>	<b>Total £000</b>
At 1 January 2022	<b>282</b>	-	<b>878</b>	<b>1,160</b>
Charge/(credit) to the Statement of Comprehensive Income (Note 9)	(19)	(24)	436	393
Adjustments from prior period	(142)	22	-	(120)
Rate change (Note 9)	39	2	(78)	(37)
<b>At 31 December 2022</b>	<b>160</b>	-	<b>1,236</b>	<b>1,396</b>

**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**13. TRADE AND OTHER PAYABLES**

	<b>31 December 2022 £000</b>	<b>31 December 2021 £000</b>
Trade payables	1,166	-
Other payables	114	473
Accruals	4,155	2,622
Amounts owed to Group undertakings (Note 20)	61,754	11,597
	<b>67,189</b>	<b>14,692</b>

**14. PROVISIONS**

	<b>Client payments £000</b>	<b>Dilapidations £000</b>	<b>Other £000</b>	<b>Total £000</b>
<b>Balance at 1 January 2021</b>	<b>9,992</b>	<b>2,678</b>	<b>1,227</b>	<b>13,897</b>
Provisions made during the year	-	62	605	667
Provisions utilised during the year	(4,399)	-	(1,143)	(5,542)
Provisions released	(5,553)	(1,173)	-	(6,726)
<b>Balance at 1 January 2022</b>	<b>40</b>	<b>1,567</b>	<b>690</b>	<b>2,297</b>
Provisions made during the year	-	63	-	63
Provisions utilised during the year	(40)	-	(690)	(730)
<b>Balance at 31 December 2022</b>	<b>-</b>	<b>1,630</b>	<b>-</b>	<b>1,630</b>

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. During 2021, the Group surrendered the lease on one of its properties and the dilapidations provision was reversed accordingly. The Group intends to relocate its remaining office in 2023 to a new property, and therefore intends to use the termination option in November 2023 for the current main property lease.

Other provisions include a small number of individually immaterial provisions.

**15. SHARE CAPITAL**

	<b>31 December 2022 £000</b>	<b>31 December 2021 £000</b>
<b>Share Capital</b>		
224,900,001 A Ordinary shares of £0.10 each	22,490	22,490
1 T Ordinary share of £0.01 each	-	-
	<b>22,490</b>	<b>22,490</b>



**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**15. SHARE CAPITAL (continued)**

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.

**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:

**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**16. FINANCIAL INSTRUMENTS (continued)**

**31 December 2022**

	Carrying amount	Contractual cash flows	0-6 months	6-12 months	1-5 years	Over 5 years
	£000	£000	£000	£000	£000	£000
Lease liabilities	1,019	1,036	777	259	-	-
Trade and other liabilities	67,189	67,189	65,558	-	1,631	-
<b>Total liabilities</b>	<b>68,208</b>	<b>68,225</b>	<b>66,335</b>	<b>259</b>	<b>1,631</b>	<b>-</b>

**31 December 2021**

	Carrying amount	Contractual cash flows	0-6 months	6-12 months	1-5 years	Over 5 years
	£000	£000	£000	£000	£000	£000
Lease liabilities	2,514	2,589	777	777	1,035	-
Other liabilities	16,988	16,988	15,421	-	1,567	-
<b>Total liabilities</b>	<b>19,502</b>	<b>19,577</b>	<b>16,198</b>	<b>777</b>	<b>2,602</b>	<b>-</b>

**Categories of financial instruments**

	31 December 2022 £000	31 December 2021 £000
<b>Financial assets</b>		
Cash and cash equivalents	1,221	1,694
Trade and other receivables	134,853	77,422
<b>Financial liabilities</b>		
Other financial liabilities	(1,019)	(2,514)
Trade and other payables	(67,189)	(14,692)
Provisions	(1,630)	-

**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.

**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**16. FINANCIAL INSTRUMENTS (continued)**

	Carrying Amount		Fair Value	
	31 December 2022 £000	31 December 2021 £000	31 December 2022 £000	31 December 2021 £000
<b>Financial assets</b>				
Trade and other receivables	134,853	77,422	134,853	77,422
<b>Financial liabilities</b>				
Trade and other payables	(67,189)	(14,692)	(67,189)	(14,692)
Other financial liabilities	(1,019)	(2,514)	(1,019)	(2,514)
Provisions	(1,630)	-	(1,630)	-

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.

**17. NOTES TO THE CASH FLOW STATEMENT**

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Profit for the year	5,540	17,815
<b>Adjustments for:</b>		
Depreciation	1,180	1,436
Non cash transfer of property, plant and equipment	-	4,908
Non cash transfer of intangible assets	-	5,855
Tax credit	(238)	(241)
Surrender of property lease	-	(1,702)
Finance costs	60	217
	<b>6,542</b>	<b>28,288</b>
(Increase) in trade and other receivables	(57,718)	(5,910)
Increase/(decrease) in trade and other payables	54,122	(19,289)
(Increase) in other assets	(544)	-
<b>Cash generated from operating activities</b>	<b>2,402</b>	<b>3,089</b>
Income taxes (paid)/received	-	-
<b>Net cash from operating activities</b>	<b>2,402</b>	<b>3,089</b>

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.

**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**17. NOTES TO THE CASH FLOW STATEMENT (continued)**

	31 December 2022 £000	31 December 2021 £000
<b>Cash and bank balances</b>	<b>1,221</b>	<b>1,694</b>

**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 £568,787 (year ended 31 December 2021: £619,000) represents contributions payable to the scheme by the Company at rates specified in the rules of the schemes. As at 31 December 2022, contributions of £320k (31 December 2021: £92k) due in respect of the current reporting year had not been paid over to the scheme.

**19. RELATED PARTY TRANSACTIONS**

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

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
<b>Transactions with related parties</b>		
<b>Other Group Undertaking</b>		
Service fee charged to Lowell Portfolio I Limited	91,696	108,279
Court fees recharged to Lowell Portfolio I Limited	-	23,851
Service fee charged to Lowell Receivables Financing 1 Limited	7,813	12,757
Service fee charged to Lowell Receivables Financing 2 Limited	14,761	866
Service fee charged to Wolf Receivables Financing plc	1,889	-
Court fees recharged from Lowell Legal Limited (formerly Lowell Solicitors Limited)	-	(11,194)
Service fee charged by Lowell Legal Limited (formerly Lowell Solicitors Limited)	(6,814)	(11,081)
Expenses recharged to Lowell Legal Limited (formerly Lowell Solicitors Limited)	-	2
Court fees recharged from Overdales Legal Limited	-	(15,385)
Service fee charged by Overdales Legal Limited	(20,924)	(16,718)
Expenses and costs recharged from Lowell UK Shared Services Limited	(22,232)	(29,593)
Expenses and costs recharged to Lowell UK Shared Services Limited	-	7,152
Expenses and costs recharged to Lowell Group Shared Services Ltd	-	13
Group management fee from Lowell Group Shared Services Ltd	(25)	-
Intercompany recharge income from Lowell Labs (Branch of Lowell Financial Limited)	5	-
Intercompany recharge expense from Lowell Labs (Branch of Lowell Financial Limited)	(8)	-

All transactions are on an arm's length basis.

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

**LOWELL FINANCIAL LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2022**

**19. RELATED PARTY TRANSACTIONS (continued)**

On 1 January 2021 the Group created a shared service centre, Lowell UK Shared Services Limited, where all central costs for the benefit of the Group trading entities would be incurred. In connection with this there are no transactions between the Company and Metis Bidco Limited or Simon Bidco Limited in 2021. The corresponding transactions now occur in Lowell UK Shared Services Limited.

	<b>31 December 2022 £000</b>	<b>31 December 2021 £000</b>
<b>Year end balances with related parties</b>		
<b>Intermediate Parent Undertaking</b>		
Metis Bidco Limited (trading)	(209)	(17)
Simon Bidco Limited	3,094	35
<b>Other Group Undertaking</b>		
Lowell Solicitors Limited	(3,260)	(6,365)
Lowell Receivables Financing 1 Limited	-	1,752
Lowell Portfolio I Limited	78,127	92,910
Lowell UK Shared Services Limited	(11,019)	(14,097)
Overdales Legal Limited	3,135	(10,112)
Lowell Group Shared Services Limited	319	(77)
Hoist UK Consolidated	92	-
Lowell Labs (Branch of Lowell Financial Limited)	543	-
Wolf Receivables Financing plc	(1,652)	-

**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):

	<b>Year Ended 31 December 2022 £000</b>	<b>Year Ended 31 December 2021 £000</b>
Short-term employee benefits	775	209

**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.