

Company Registration No. 05558651 (England and Wales)

SME HCI LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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SME HCI LIMITED

COMPANY INFORMATION

Directors	JY Davis RH Ellis JC Facey SP Moyle G Michalakidis D Bryan G Gaffney	(Appointed 1 June 2021) (Appointed 14 June 2021) (Appointed 13 July 2021)
Company number	05558651	
Registered office	5 Margaret Road Romford Essex RM2 5RH	
Auditor	Taylor Viney & Marlow Limited 46-54 High Street Ingatstone Essex CM4 9DW	

SME HCI LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 8
Profit and loss account	9
Group statement of comprehensive income	10
Group balance sheet	11
Company balance sheet	12
Group statement of changes in equity	13
Company statement of changes in equity	14
Group statement of cash flows	15
Company statement of cash flows	16
Notes to the financial statements	17 - 34

SME HCI LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Principal risks and uncertainties

Fluctuations in turnover are common in this industry and much is dependent on the National Health Services (NHS) activities within the local region. The Board is aware of the current COVID-19 uncertainties relating to the industry but is confident that the company has sufficient monetary reserves to support the business through this uncertain times. There has been no curtailment to the supplies chain and Brexit will have little impact as company's customers are UK based. Electric car supply delays will however cause a delay in revenues of four to five months for the majority of car orders placed in 2022.

Analysis based on KPI

Turnover has increased significantly as a result of increased NHS and wider public sector activities. Gross profit margin has improved over last year and coupled with overheads remaining relatively comparable, the company has made an operating profit delivering strong year on year growth. The Company expect the level of turnover to grow over the next year but with gross profit margin remaining healthy.

Analysis of development and performance

The company considers many performance indicators, both financial and non-financial. The key operating parameters include sales per employee and overhead costs as percentages of sales and gross profit. Financial performance is considered in many ways including overall margins, working capital efficiency and return on capital.

	2021	2020	Movement %
	£	£	
Turnover	36,069,225	26,748,373	34.85%
Gross profit (adjusted)	8,336,886	5,444,469	53.13%
Gross profit margin	23.11%	20.35%	
Operating (loss)profit before tax	2,052,190	1,189,537	72.52%

Financial risk management

The Company's operations expose it to some financial risks. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of financial risk.

Credit/Covid-19 Risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any customer is subject to a limit, which is reviewed on an ongoing basis.

In March 2020, the World Health Organisation (WHO) classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, material sourcing, industry, and workforce.

At the time of this report, management is also pleased to report higher than average turnover/profit. This is mainly due to increased activity in the NHS and wider public sectors as Covid-19 has accelerated wellbeing initiatives and brought the services and solutions the Vivup offer to the front of the agenda across a lot of organisations.

SME HCI LIMITED

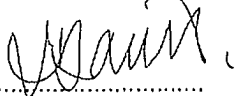
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Other information and explanations

In considering future developments, the directors intend to maintain similar policies as in previous years which have resulted in substantial growth in recent years.

On behalf of the board



.....
JY Davis

Director

Date: 13th May 2022
.....

SME HCI LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company and group continued to be product suppliers to medical institutions.

Future Developments

2022 has seen the momentum from 2021 continue resulting in record quarter one for new client wins, new employees with access to Vivup and employee utilisation. This has led to strong year on year growth across margin, B2B revenues and gross profit.

Our dominance across the NHS is set to continue with pace growing quickly across the wider public sector including local councils, central government, blue light and universities to name a few. Vivup dominates the public sector frameworks across their core benefit platform market with more business being awarded than all competitors combined. 2022 has started with an increased framework win rate across standalone benefits such as EAP, this is attributed to the market evolving to allocate higher scores for quality in appose to cost.

Vivup has launched a private sector SME proposition over quarter one which the market has responded well to, it is expected the Vivup will grow across this sector at a reasonable rate helping to grow overall margin rate.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

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

JY Davis

RH Ellis

JC Facey

SP Moyle

G Michalakidis

(Appointed 1 June 2021)

D Bryan

(Appointed 14 June 2021)

G Gaffney

(Appointed 13 July 2021)

Post reporting date events

There are no events after the balance sheet date that affects the financial statements.

Auditor

Taylor Viney and Marlow Limited were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

SME HCI LIMITED

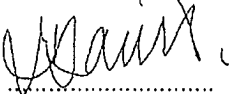
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



JY Davis
Director

Date: 13th May 2022

SME HCI LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SME HCI LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SME HCI LIMITED

Opinion

We have audited the financial statements of SME HCI Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

SME HCI LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SME HCI LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

SME HCI LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SME HCI LIMITED

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

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. Audit staff with sufficient knowledge and expertise to identify non-compliance with laws and regulations were deployed on the audit.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management. We did not identify any key audit matters relating to irregularities, including fraud.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Neil A. Chambers
(Senior Statutory Auditor)

For and on behalf of Taylor Viney and Marlow Limited

Date: 16th May 2022

Chartered Accountants
Statutory Auditor

SME HCI LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	36,297,715	26,845,371
Cost of sales		(27,732,339)	(21,303,903)
Gross profit		8,565,376	5,541,468
Administrative expenses		(6,145,749)	(4,120,131)
Other operating income		-	53,398
Operating profit	4	2,419,627	1,474,735
Interest payable and similar expenses	8	(428,061)	(234,062)
Profit before taxation		1,991,566	1,240,673
Tax on profit	9	-	45,842
Profit for the financial year		1,991,566	1,286,515

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

SME HCI LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Profit for the year	1,991,566	1,286,515
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,991,566</u>	<u>1,286,515</u>

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

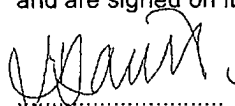
SME HCI LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Goodwill	11		22,992		51,136
Other intangible assets	11		1,041,542		830,244
			<u>1,064,534</u>		<u>881,380</u>
Total intangible assets			1,064,534		881,380
Tangible assets	12		48,269		44,371
Investment properties	13		456,263		456,263
Investments	14		63,000		100,000
			<u>1,632,066</u>		<u>1,482,014</u>
Current assets					
Debtors	17	9,746,774		6,673,996	
Cash at bank and in hand		2,467,814		3,255,564	
			<u>12,214,588</u>		<u>9,929,560</u>
Creditors: amounts falling due within one year	18	<u>(12,278,044)</u>		<u>(11,837,063)</u>	
Net current liabilities			<u>(63,456)</u>		<u>(1,907,503)</u>
Total assets less current liabilities			<u>1,568,610</u>		<u>(425,489)</u>
Creditors: amounts falling due after more than one year	19		<u>(2,533)</u>		<u>-</u>
Net assets/(liabilities)			<u><u>1,566,077</u></u>		<u><u>(425,489)</u></u>
Capital and reserves					
Called up share capital	21		40		40
Capital redemption reserve			-		(733,450)
Profit and loss reserves			1,566,037		307,921
			<u>1,566,077</u>		<u>307,921</u>
Total equity			<u><u>1,566,077</u></u>		<u><u>(425,489)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 13th May 2022 and are signed on its behalf by:



JY Davis
Director

SME HCI LIMITED

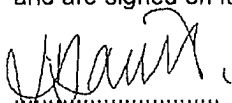
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	11		1,041,542		830,244
Tangible assets	12		48,269		44,371
Investment properties	13		456,263		456,263
Investments	14		93,645		165,001
			<u>1,639,719</u>		<u>1,495,879</u>
Current assets					
Debtors	17	9,733,901		6,673,996	
Cash at bank and in hand		2,452,255		3,246,920	
			<u>12,186,156</u>		<u>9,920,916</u>
Creditors: amounts falling due within one year	18	<u>(12,247,777)</u>		<u>(11,893,420)</u>	
Net current liabilities			<u>(61,621)</u>		<u>(1,972,504)</u>
Total assets less current liabilities			<u>1,578,098</u>		<u>(476,625)</u>
Creditors: amounts falling due after more than one year	19		<u>(2,533)</u>		<u>-</u>
Net assets/(liabilities)			<u>1,575,565</u>		<u>(476,625)</u>
Capital and reserves					
Called up share capital	21		40		40
Capital redemption reserve			-		(733,450)
Profit and loss reserves			1,575,525		256,785
Total equity			<u>1,575,565</u>		<u>(476,625)</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,052,190 (2020 - £1,235,379 profit).

The financial statements were approved by the board of directors and authorised for issue on 13th May 2022 and are signed on its behalf by:



JY Davis
Director

Company Registration No. 05558651

SME HCI LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	40	(1,712,044)	(1,712,004)
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	1,286,515	1,286,515
Balance at 31 December 2020	40	(425,529)	(425,489)
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	1,991,566	1,991,566
Balance at 31 December 2021	40	1,566,037	1,566,077

SME HCI LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	40	(1,712,044)	(1,712,004)
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	1,235,379	1,235,379
Balance at 31 December 2020	40	(476,665)	(476,625)
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	2,052,190	2,052,190
Balance at 31 December 2021	40	1,575,525	1,575,565

SME HCI LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25		(576,218)		810,187
Interest paid			(428,061)		(234,062)
Income taxes (paid)/refunded			-		64,528
			<u> </u>		<u> </u>
Net cash (outflow)/inflow from operating activities			(1,004,279)		640,653
Investing activities					
Purchase of intangible assets		(598,837)		(708,680)	
Purchase of tangible fixed assets		(25,221)		(27,038)	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(624,058)		(735,718)
Financing activities					
New loans movement		840,587		-	
		<u> </u>		<u> </u>	
Net cash generated from/(used in) financing activities			840,587		-
			<u> </u>		<u> </u>
Net decrease in cash and cash equivalents			(787,750)		(95,065)
Cash and cash equivalents at beginning of year			3,255,564		3,350,629
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			2,467,814		3,255,564
			<u> </u>		<u> </u>

SME HCI LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26		(644,018)		885,230
Interest paid			(428,061)		(234,062)
Income taxes (paid)/refunded			-		45,842
			<hr/>		<hr/>
Net cash (outflow)/inflow from operating activities			(1,072,079)		697,010
Investing activities					
Purchase of intangible assets		(572,308)		(654,853)	
Purchase of tangible fixed assets		(25,221)		(27,038)	
Proceeds on disposal of subsidiaries		65,001		(65,001)	
Movement to investments		(30,645)		(76,597)	
Dividends received		-		22,770	
		<hr/>		<hr/>	
Net cash used in investing activities			(563,173)		(800,719)
Financing activities					
New loans movements		840,587		-	
		<hr/>		<hr/>	
Net cash generated from/(used in) financing activities			840,587		-
Net decrease in cash and cash equivalents			(794,665)		(103,709)
Cash and cash equivalents at beginning of year			3,246,920		3,350,629
			<hr/>		<hr/>
Cash and cash equivalents at end of year			2,452,255		3,246,920
			<hr/> <hr/>		<hr/> <hr/>

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

SME HCI Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is .

The group consists of SME HCI Limited and its subsidiary.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Business combinations

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

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

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company SME HCI Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

1.7 Intangible fixed assets other than goodwill

Intangible fixed assets relating to research and development costs are measured at cost less accumulated amortisation, and any accumulated impairment losses. Research and development cost is written off over its estimated useful economic life of 5 years.

Intangible fixed assets relating to software license are measured at fair value by the directors at the year end. Changes in fair value are recognised in the profit and loss account.

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Plant and equipment	25% reducing balance
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.9 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.10 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.11 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.15 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 profit and loss account 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
	36,297,715	26,845,371
	<u> </u>	<u> </u>
	2021	2020
	£	£
Other significant revenue		
Grants received	-	53,398
	<u> </u>	<u> </u>

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue (Continued)

	2021	2020
	£	£
Turnover analysed by geographical market	36,297,715	26,845,371
	<u>36,297,715</u>	<u>26,845,371</u>

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(53,398)
Depreciation of owned tangible fixed assets	21,323	8,761
(Profit)/loss on disposal of tangible fixed assets	-	23,239
Amortisation of intangible assets	364,547	299,718
Impairment of intangible assets	(2,691)	-
Operating lease charges	100,269	170,858
	<u>100,269</u>	<u>170,858</u>

5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	10,750	10,000
	<u>10,750</u>	<u>10,000</u>

6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Administration	26	28	26	28
Marketing	24	14	24	14
Sales	22	13	22	13
	<u>72</u>	<u>55</u>	<u>72</u>	<u>55</u>
Total	<u>72</u>	<u>55</u>	<u>72</u>	<u>55</u>

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	3,232,135	2,146,640	3,232,135	2,146,640
Social security costs	335,166	234,731	335,166	234,731
Pension costs	186,069	173,455	186,069	173,455
	<u>3,753,370</u>	<u>2,554,826</u>	<u>3,753,370</u>	<u>2,554,826</u>

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	693,091	453,697
Company pension contributions to defined contribution schemes	92,536	98,674
	<u>785,627</u>	<u>552,371</u>

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

	2021 £	2020 £
Remuneration for qualifying services	<u>210,629</u>	<u>246,626</u>

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>428,061</u>	<u>234,062</u>

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	<u>-</u>	<u>(45,842)</u>

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation

(Continued)

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

	2021 £	2020 £
Profit before taxation	1,991,566	1,240,673
Expected tax charge based on the standard rate of corporation tax in the UK of 0% (2020: 19.00%)	389,916	226,012
Tax effect of expenses that are not deductible in determining taxable profit	202,428	(226,012)
Research & development	(251,239)	-
Utilisation of tax losses	(334,736)	-
Adjustments in respect of prior years	-	(45,842)
Permanent capital allowances in excess of depreciation	(6,369)	-
Taxation charge/(credit)	-	(45,842)

10 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021 £	2020 £
In respect of:			
Goodwill	11	(2,691)	-
Investments in subsidiaries	14	(88,136)	-
Recognised in:			
Administrative expenses		(90,827)	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Intangible fixed assets

Group	Goodwill	Software	Research & Development	Total
	£	£	£	£
Cost				
At 1 January 2021	53,827	100,000	1,485,135	1,638,962
Additions	26,529	-	572,308	598,837
Disposals	(53,827)	-	-	(53,827)
At 31 December 2021	26,529	100,000	2,057,443	2,183,972
Amortisation and impairment				
At 1 January 2021	2,691	-	754,891	757,582
Amortisation charged for the year	3,537	-	361,010	364,547
Impairment losses	(2,691)	-	-	(2,691)
At 31 December 2021	3,537	-	1,115,901	1,119,438
Carrying amount				
At 31 December 2021	22,992	100,000	941,542	1,064,534
At 31 December 2020	51,136	100,000	730,244	881,380
Company				
		Software	Research & Development	Total
		£	£	£
Cost				
At 1 January 2021		100,000	1,485,135	1,585,135
Additions		-	572,308	572,308
At 31 December 2021		100,000	2,057,443	2,157,443
Amortisation and impairment				
At 1 January 2021		-	754,891	754,891
Amortisation charged for the year		-	361,010	361,010
At 31 December 2021		-	1,115,901	1,115,901
Carrying amount				
At 31 December 2021		100,000	941,542	1,041,542
At 31 December 2020		100,000	730,244	830,244

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

Group	Plant and equipment £
Cost	
At 1 January 2021	65,027
Additions	25,221
	<hr/>
At 31 December 2021	90,248
	<hr/>
Depreciation and impairment	
At 1 January 2021	20,656
Depreciation charged in the year	21,323
	<hr/>
At 31 December 2021	41,979
	<hr/>
Carrying amount	
At 31 December 2021	48,269
	<hr/> <hr/>
At 31 December 2020	44,371
	<hr/> <hr/>
 Company	 Plant and equipment £
Cost	
At 1 January 2021	65,027
Additions	25,221
	<hr/>
At 31 December 2021	90,248
	<hr/>
Depreciation and impairment	
At 1 January 2021	20,656
Depreciation charged in the year	21,323
	<hr/>
At 31 December 2021	41,979
	<hr/>
Carrying amount	
At 31 December 2021	48,269
	<hr/> <hr/>
At 31 December 2020	44,371
	<hr/> <hr/>

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Investment property

	Group 2021 £	Company 2021 £
Fair value		
At 1 January 2021	-	-
Transfers from owner-occupied property	456,263	456,263
	<u>456,263</u>	<u>456,263</u>
At 31 December 2021	<u>456,263</u>	<u>456,263</u>

The historic cost of investment property was £456,263 (2020: £456,263).

The freehold investment properties were acquired in October 2016 and February 2018 and the values are considered by the director, Ms Davis, annually. Based on her understanding from local agents of similar local properties, Ms Davis does not consider it necessary to carry out a revaluation at the financial year end as the market values are not believed to be materially different to the carrying amount at the year end.

14 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	15	-	-	30,645	65,001
Unlisted investments		63,000	100,000	63,000	100,000
		<u>63,000</u>	<u>100,000</u>	<u>93,645</u>	<u>165,001</u>

Movements in fixed asset investments

Group	Investments £
Cost or valuation	
At 1 January 2021 and 31 December 2021	<u>100,000</u>
Impairment	
At 1 January 2021	-
Impairment losses	37,000
	<u>37,000</u>
At 31 December 2021	<u>37,000</u>
Carrying amount	
At 31 December 2021	<u>63,000</u>
At 31 December 2020	<u>100,000</u>

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Fixed asset investments (Continued)

Movements in fixed asset investments

Company	Shares in subsidiaries £	Other investments £	Total £
Cost or valuation			
At 1 January 2021	65,001	100,000	165,001
Additions	30,645	-	30,645
Valuation changes	-	(37,000)	(37,000)
Disposals	(65,001)	-	(65,001)
At 31 December 2021	30,645	63,000	93,645
Carrying amount			
At 31 December 2021	30,645	63,000	93,645
At 31 December 2020	65,001	100,000	165,001

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
S J Berry Consultancy Ltd	UK	Ordinary & Preference	100.00
Vivup Financial Services Ltd	UK	Ordinary	100.00
The Employee Resilience Co Ltd	UK	Ordinary	50.00

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

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Vivup Financial Services Ltd	(1,835)	(5,951)
The Employee Resilience Co Ltd	125,786	2,792

16 Exemption from audit by parent guarantee

S J Berry Consultancy Limited (registered number 09620067) and Vivup Financial Services Ltd (registered number 08347269) both subsidiaries of SME HCI Ltd, are exempt from the requirements of the Companies Act relating to the audit of individual accounts, as a parent guarantee has been given under section 479A - 479C.

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Debtors

	Group 2021	2020	Company 2021	2020
Amounts falling due within one year:	£	£	£	£
Trade debtors	1,104,884	220,135	1,092,011	220,135
Other debtors	1,112,739	883,517	1,112,739	883,517
Prepayments and accrued income	7,529,151	5,570,344	7,529,151	5,570,344
	<u>9,746,774</u>	<u>6,673,996</u>	<u>9,733,901</u>	<u>6,673,996</u>

18 Creditors: amounts falling due within one year

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Trade creditors and finance lease obligations	9,522,886	8,278,775	9,492,619	8,197,044
Amounts owed to group undertakings	-	-	-	97,230
Other taxation and social security	608,244	411,506	608,244	411,506
Other creditors	-	113,750	-	113,750
Accruals and deferred income	2,146,914	3,073,890	2,146,914	3,073,890
	<u>12,278,044</u>	<u>11,877,921</u>	<u>12,247,777</u>	<u>11,893,420</u>

The bank loans are secured by a debenture over the assets of the company to the benefit of Lombard North Central.

Obligations under finance lease and hire purchase contracts are secured by a charge of the assets of the company to the benefit of Greensill Capital and Lombard North Central.

There is also a legal charge over the assets of the company to the benefit of National Westminster Bank Plc with regard to the company's liabilities to the bank.

Loan notes are for the benefit of Vivup Financial Services Ltd for commissions payable on sales. There is no interest chargeable on the loan notes.

19 Creditors: amounts falling due after more than one year

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Obligations under finance leases and hire purchase contracts	2,533	-	2,533	-
	<u>2,533</u>	<u>-</u>	<u>2,533</u>	<u>-</u>

20 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	186,069	173,455
	<u>186,069</u>	<u>173,455</u>

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Retirement benefit schemes (Continued)

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £0.0004 each	10,000	10,000	40	40
	<u>10,000</u>	<u>10,000</u>	<u>40</u>	<u>40</u>

22 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	14,652	101,808	14,652	101,808
	<u>14,652</u>	<u>101,808</u>	<u>14,652</u>	<u>101,808</u>

SME HCI LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

23 Related party transactions

Group

Directors

There were no transactions between the group and its directors during the current or previous year. The amount owed to the group at the balance sheet date was £nil (2019: £40)

The Employee Resilience Co Ltd (TERC)

S P Moyle (resigned 1 April 2021) and D J Bryan are also directors of TERC.

The group owns 50% of the share capital of TERC.

During the year TERC provided goods/services to the group totalling £1,577,313 (2020: £488,678).

At the balance sheet date, the group owed TERC £248,309 (2020: £2,510).

Benefit Platforms Ltd (BPL)

Directors J Davis and R H Ellis are also directors and shareholders of BPL.

Director G Michalakidis is also a director of BPL.

BPL is under the same common control as the group.

BPL is a dormant company.

AVC Wise Ltd (AVC)

Directors J Davis, G Michalakidis and R H Ellis are also directors and shareholders of AVC.

AVC is under the same common control as the group.

During the year the group provided services to/(from) AVC totalling £127,252/(£16,811) (2020: £31,697).

At the balance sheet date, the group was owed £926,726 (2020: £710,457) by AVC in relation to an intercompany loan.

At the balance sheet date the group was owed £104,416 (2020: £NIL) by AVC included in trade debtors.

At the balance sheet date the group owed to AVC £4,450 (2020: £NIL) included in trade creditors.

Manageplaces Ltd

Director G Michalakidis is also a director and shareholder of Manageplaces Ltd.

During the year Manageservices Ltd provided services to the company totalling £398,408 (2020: £547,853).

Company

S J Berry Consultancy Ltd (SJBC)

J Davis, J Facey, S Moyle & R Ellis are also directors of SJBC.

SJBC is a 100% subsidiary of the company.

SJBC was dormant in the year and applied to Companies House for striking off.

Dividends were received from SJBC of £NIL (2020: £22,770)

At the balance sheet date the company owed SJBC £NIL (2020: £97,230)

Vivup Financial Services Ltd (formerly Touchpoint Employee Benefits (UK) Ltd) (VIVUP)

J Davis, J Facey, S Moyle & D J Bryan are also directors of VIVUP.

The entire share capital of VIVUP was acquired by the company in the year.

During the year the company provided services to/(from) VIVUP totalling £65,000/(£16,000) (2020: £NIL).

At the balance sheet date, the company was owed £26,000 (2020: £NIL) by VIVUP in relation to an intercompany loan.

All loans are interest free and repayable on demand.

24 Controlling party

The group's ultimate controlling party is Jane Y Davis, by virtue of her 75% shareholding in the company.