

Internal

**Ricoh Capital Limited**  
**Strategic Report, Directors' Report and**  
**Financial Statements**

Registered number 03001351  
for the year ended 31 March 2021



## **Ricoh Capital Limited**

### **Directors and advisers**

#### **Directors**

N. C. Downing  
T. Stuart  
D. Kemmitt

#### **Company secretary**

N. C. Downing

#### **Registered office**

20 Triton street  
London  
NW1 3BF

#### **Bankers**

HSBC Plc  
8 Canada Square  
London  
E14 5HQ

#### **Independent auditor**

Deloitte LLP  
1 New Street Square  
London  
EC4A 3HQ

## Contents

Strategic report	1
Directors' report	3
Statement of directors' responsibilities in respect of the annual report and the financial statements	5
Independent auditor's report to the members of Ricoh Capital Limited	6
Profit and Loss Account and Other Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes	12

## Strategic report

The Directors present their strategic report for the year ended 31 March 2021.

### Principal activities

The principal activity of Ricoh Capital Limited ("the Company") is to operate as an in-house leasing business.

### Results

The profit for the year of £6.2m (2020: £7.9m) has been transferred to retained earnings.

### Business review

The value of the lease portfolio decreased by 10.8% in the year to 31 March 2021 (decreased by 2.1% in the year to 31 March 2020). The decline is mainly driven by the impact of COVID-19 which resulted in decrease in market demand for printers.

The interest cover has increased significantly to 43.3 (2020:18.1) because of the reduction of group loan facilities compared to last financial year. Group loan facilities are determined by the group treasury function to control overall organisational cashflows.

The profit before tax dropped 18% (2020: increased by 17%) in this financial year due to the impact of Covid-19 on revenue. The return on leased assets when compared to profit before tax reduced by 0.5% which was primarily driven by a reduction in overall profitability.

### Key performance indicators (KPIs)

The Board monitors the Company's progress against its strategic objectives and the financial performance of its operations on a regular basis. Performance is assessed against the strategy, budgets and forecasts using financial and non-financial measures. The most significant KPIs used by the Company are as follows:

	2021	2020
Interest cover	43.3	18.1
Return on Leased Assets	4.3%	4.8%
Profit on ordinary activities before tax	£7.7m	£9.5m

### Principal risks and uncertainties

The key risks and uncertainties facing the Company are:

**COVID-19:** The COVID-19 pandemic has affected Ricoh's business activities in various ways throughout the financial year. There is still risk around growth of the business due to declining of demand in the market, driven by ongoing social distance rules and changing working patterns. The company is proactively seeking potential opportunities to expand its finance offering across a wider product range as well as expand its market share. From an operational perspective the Ricoh Capital Limited is largely unaffected by government restrictions as the entity acts as a financier to fellow group companies.

**Political risk:** There is currently reduced political risk since Brexit took place on 31 December 2020. The directors consider any residual future risk arising from Brexit to be low given the nature of the company is providing lease services domestically.

**Competitor risk:** The Company is reliant on the sales activity of its related group undertaking in the UK. Failure to compete with competitors on areas including price, product range, quality and service could have an adverse effect on the Group's financial results. Please refer to Future trends and developments section.

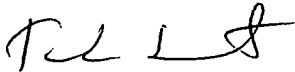
### Future developments

Considering the declining trend of the printer leasing market, which has been exacerbated by COVID-19, the Company expects to continue working closely with other Ricoh group entities to develop relationships with significant customers, maintain and enhance its competitive product range by diversifying its financing products range for not only hardware but also software and services, leverage strategic relationships with other business partners to maintain its profitability and market share going forward.

**Strategic Report (Continued)**

Credit facilities will continue to be reviewed to ensure that they remain competitive and that funding for these products continues to be available.

Approved by the Board of directors:



T. Stuart  
Director

5 November 2021

Registered office  
20 Triton Street  
London NW1 3BF  
Registered in England  
No. 03001351

## Directors' report

The directors present their directors' report and audited financial statements for the year ended 31 March 2021.

The Company has chosen, in accordance with the Companies Act 2006 section 414C (11) to include the disclosure of likely future developments in the Strategic Report.

### Accounts and Dividends

The profit for the financial year of £6.2m (2020: £7.9m) has been transferred to retained earnings. The directors do not recommend the payment of a dividend (2020: £nil).

### Directors

The directors of the Company who served during the year, and to date, were:

N.C. Downing  
D. Kemmitt  
T. Stuart

There were no contracts existing during, or at the end of the year, in which any director is, or was, materially interested which are, or were, significant in relation to the Company's business.

### Financial risk management policies and Objectives

The Company is exposed to the following risks regarding to the financial instruments:

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company participates in the Ricoh Europe Holdings PLC group pooling arrangements and this ensures that the liquidity risk is minimised with access to an intercompany loan facility. The current assets as per year ended 31 March 2021 is sufficient to cover the liabilities and accordingly the Directors consider liquidity risk to be low.

#### 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 obligations and arises principally from the Company's receivables from customers or counter parties. The Company manages this risk by credit checking each potential customer and assigning it a risk category. Each customer is then given a credit limit.

#### Interest rate risk

Interest risk is the risk of financial loss due to the change of interest rate. The Company has a short-term loan facility with Ricoh Europe Finance Limited, a related group undertaking, which bears interest at a rate of 0.64%. The loan facility is reviewed and renewed every month. The Company does not have any third-party loan or facility that bears interest, therefore any interest movements are due to financial planning decision made by the group treasury.

### Going concern

An assessment of the financial performance for the Company has been carried out based on the Company's strategy, balance sheet and financing position and the potential impact of our principal risks and uncertainties including the impact of Covid-19. The Directors conducted the review for a period of at least 12 months from the date of signing this report, to 30 September 2022.

The Company made a profit of £6.2m (£7.9m) in this financial year ended. The reduction of profit is mainly due to the decrease demand for printers led by COVID 19. It is expected that the Company to be profitable for the next financial year based on the forecasts made by management. The Company's balance sheet shows stronger position with improved cash position £0.6m (2020: overdraft of £0.2m) and total net current asset of £32m (2020:8m).

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. See more detailed analysis in Note 3.

The directors, having made inquiries of the company's parent have confirmed that Ricoh Europe Holdings Plc is a going concern, however the Ricoh Europe Holdings Plc group is reliant on a letter of support from the group's ultimate parent, Ricoh Company, Ltd..

**Directors Report (Continued)**

**Post balance sheet events**

There were no significant post balance sheet events.

**Qualifying third party indemnity provisions**

During the year the director of the company have not been provided with directors' third party indemnity insurance by Ricoh Capital Limited or any other group entity.

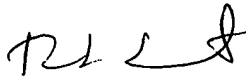
**Auditor**

In line with parent company's decision under s487(2), Deloitte LLP has been reappointed as statutory auditor for the financial year ending 31 March 2021.

**Disclosure of information to the auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board of directors:



T. Stuart  
Director

5 November 2021

Registered office  
20 Triton Street  
London NW1 3BF  
Registered in England  
No. 03001351

## **Statement of directors' responsibilities in respect of the annual report and 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 FRS 101 "Reduced Disclosure Framework".

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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.



## Independent auditor's report to the members of Ricoh Capital Limited

### Opinion

In our opinion the financial statements of Ricoh Capital Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### 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 Financial Reporting Council's (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 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.

### **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 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired with management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiries with management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the licensing authority.

#### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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.

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

#### **Matters on which we are required to report by exception**


Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### **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.



Ivan Boonzaaier (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
5 November 2021

**Profit and Loss Account and Other Comprehensive Income for the year ended 31 March 2021**

	Note	2021 £'000	2020 £'000
Revenue	3	14,050	15,914
Cost of sales		(162)	(200)
<b>Gross profit</b>		<b>13,888</b>	<b>15,714</b>
Administrative expenses		(6,002)	(5,700)
<b>Operating profit</b>	5	<b>7,886</b>	<b>10,014</b>
Finance costs	4	(182)	(553)
<b>Profit on ordinary activities before tax</b>		<b>7,704</b>	<b>9,461</b>
Taxation	8	(1,475)	(1,541)
<b>Profit and total comprehensive income for the year</b>		<b>6,229</b>	<b>7,920</b>

The results above relate to continuing activities.

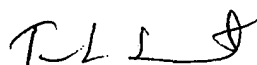
The accompanying notes on pages 12 to 22 form part of the financial statements.

# Balance Sheet as at 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Non-Current assets</b>			
Deferred taxation	11	1,279	1,560
Finance lease receivables	10	84,154	101,588
		<b>85,433</b>	<b>103,148</b>
<b>Current assets</b>			
Trade and other debtors	9	9,839	5,185
Finance lease receivables	10	57,329	59,116
Cash and cash equivalents	12	592	-
		<b>67,760</b>	<b>64,301</b>
<b>Total assets</b>		<b>153,193</b>	<b>167,449</b>
<b>Current liabilities</b>			
Loans and borrowings	13	(31,999)	(53,002)
Trade and other creditors	14	(1,377)	(930)
Corporation taxation		(2,637)	(2,566)
		<b>(36,013)</b>	<b>(56,498)</b>
<b>Net current assets</b>		<b>31,747</b>	<b>7,803</b>
<b>Net assets</b>		<b>117,180</b>	<b>110,951</b>
<b>Capital and reserves</b>			
Share capital	16	39,963	39,963
Retained earnings		77,217	70,988
<b>Shareholder's funds</b>		<b>117,180</b>	<b>110,951</b>

The accompanying notes on pages 12 to 22 form part of the financial statements.

These financial statements were approved by the board of directors on 5 November 2021 and were signed on its behalf by:



T. Stuart  
 Director

Company registered number: 03001351

**Statement of Changes in Equity for the year ended 31 March 2021**

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020	39,963	70,988	110,951
Profit and total comprehensive income for the year	-	6,229	6,229
Balance at 31 March 2021	39,963	77,217	117,180

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2019	39,963	63,068	103,031
Profit and total comprehensive income for the year	-	7,920	7,920
Balance at 31 March 2020	39,963	70,988	110,951

The accompanying notes on pages 12 to 22 form part of the financial statements.

## Notes

### 1 General Information

Ricoh Capital Limited ("the Company") is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the Company's registered office is 20 Triton Street, London NW1 3BF. The company is a private company limited by shares.

These financial statements are presented in pounds sterling in thousands. The functional currency for these financial statements is pounds sterling.

### 2 Significant Accounting policies

Ricoh Capital Limited is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, Ricoh Europe Holdings PLC includes the Company in its consolidated financial statements. The consolidated financial statements of Ricoh Europe Holdings PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 20 Triton Street, London NW1 3BF.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

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

#### Basis of preparation

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

#### Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the near future, based on expected sales volumes and existing cash resources after taking into consideration of COVID-19 related risks and uncertainties (see strategic report above). The directors have considered the following aspects in terms of going concern risk:

- Operational disruption: the Company was able to continue the majority of its operations during the pandemic including focusing on developing office services. With the easing of lockdown rules announced by the government from 18 July 2021, the risk of operational disruption is now considered to be relatively low.
- Contractual obligations: the Company is able to fulfil its legal obligations because there is no anticipation of major interruption to operations.
- Post year-end performance: from a group perspective, the directors have been closely monitoring the post year end performance and proactively seeking new business opportunities to fulfil the gap of reduction of demand in the office printer market. Based on the actual year to date performance for the financial year ended 31 March 2021 as well as reasonable forecast for the 12 month period from the signing date of the financial statements, which is developed based on management's best estimates of the trend of revenue, and margins for the period ended 12 months after the signing of these financial statements, the Company is expected to be profitable.

**Notes (continued)**

**2 Significant Accounting policies (continued)**

- Assets and liabilities: the Company is in a net asset position of £117m as at 31 March 2021 (2020: net assets of £111m). There are no significant contingent liabilities or significant changes of structure of assets or liabilities for the Company going forward.

Accordingly, the Directors consider there to be no material uncertainties that may cast significant doubt on the Company's ability to continue to operate as a going concern. The Directors have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing of these Financial Statements. For this reason, they continue to adopt the going concern basis in the preparation of these Financial Statements.

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

*Financial assets*

All financial assets, other than cash and cash equivalents, are classified as receivables.

**Receivables**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

**Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are valued by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

**Finance lease receivables**

*Leasing to customers*

A Finance Lease Receivable is recognised when the Company becomes contractually entitled to the future lease payments on a lease contract, which occurs when payment is made to acquire the lease contract for the Company's related Group undertaking. The Finance Lease Receivable is recorded in the balance sheet at amortised cost, net of provision and unearned finance income, and rental income is apportioned between the reduction of this debtor and interest receivable to give a constant periodic rate of return on the net cash investment.

**Employee benefits**

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

**Taxation**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Such assets and liabilities are not recognised on the balance sheet if the temporary difference arises from the initial recognition of goodwill or 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.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.



**Notes (continued)**

**2 Significant Accounting policies (continued)**

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**Accounting estimates and judgements**

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

**2 Significant Accounting policies (continued)**

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Key sources of estimation uncertainty and critical accounting judgements are as follows:

**Key source of estimation uncertainty**

**Provision for finance lease receivable – note 17**

In determining the provision for finance lease receivable, management makes its estimates and assumptions based on specific developments regarding customers (e.g. creditworthiness, liquidity and market developments). The provision for finance lease receivable is reviewed periodically to assess the adequacy of the provision. Management is continuously taking into consideration the impact under COVID-19 by performing thorough credit checks for all new customer, regularly assessing the risks by industry sectors and closely monitoring those customers with increasing credit risks. The total provision for finance lease receivable for this financial year end is £2.5m (2020: 2.5m).

**Critical accounting judgements**

There were no critical accounting judgements identified in the application of these accounting policies that have a significant effect on the financial statements for this entity in the current year.

**3 Revenue**

The Company's revenue comprises:

	2021 £'000	2020 £'000
Lease income	13,722	15,586
Asset protection	328	328
	14,050	15,914

**4 Finance costs**

	2021 £'000	2020 £'000
Bank loans and overdrafts	(182)	(553)
	(182)	(553)

Notes (continued)

**5 Operating profit**

This is stated after charging:

	2021 £'000	2020 £'000
Audit fees payable regarding the auditing of the financial statements	46	46

**6 Staff numbers and costs**

The average monthly number of full-time equivalent employees (including directors) was:

	Number of employees	
	2021	2020
<i>Areas of employment</i>		
Administration	5	2

The aggregate payroll costs of these persons were as follows:

	2021 £'000	2020 £'000
Wages and salaries	757	239
Social security costs	93	28
Pension costs - defined contribution (note 15)	49	6
	899	273

**7 Directors' remuneration**

The number of directors at 31 March 2021 amounted to 3 (2020: 3) and of these, 1 (2020: 1) was remunerated directly by the Company and as set out below. The other directors were remunerated within the wider Ricoh Group.

	2021 £'000	2020 £'000
Directors' emoluments	156	167
Pension costs - defined contribution	9	10
	165	177

**8 Taxation**

**Recognised in the income statement**

	2021 £'000	2020 £'000
<i>United Kingdom corporation tax</i>		
Corporation tax based on the profit for the year	1,183	1,455
Adjustments in respect of previous years	11	(56)
<b>Total current tax charge</b>	<b>1,194</b>	<b>1,399</b>
<i>Deferred tax (note 11)</i>		
Origination and reversal of temporary differences	281	342
Effect of the tax rate changes	-	(200)
<b>Total deferred tax charge</b>	<b>281</b>	<b>142</b>
<b>Total income tax expense on profit on ordinary activities</b>	<b>1,475</b>	<b>1,541</b>

Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	2021 £'000	2020 £'000
The total tax expense for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below.		
Profit on ordinary activities before tax	7,704	9,461
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	1,464	1,799
Effect of tax rate changes	-	(200)
Adjustment in respect of prior periods	11	(56)
<b>Total tax expense for the year (see above)</b>	<b>1,475</b>	<b>1,541</b>

Factors affecting the future tax charge

UK corporation tax rate remains at 19% (2020: 19%) as announced by government on 12 March 2021. An increase will take place for the financial year beginning 1 April 2023 to 25% effective 1 April 2023. This will affect the company's future tax charge. Deferred taxes have been measured using appropriate rates substantively enacted at the balance sheet date.

The quantitative impact of the finance bill on the deferred tax balance will mean the deferred tax asset of £1.56m at 19% would increase to £2.05m at 25%.

9 Trade and other debtors

	2021 £'000	2020 £'000
Trade debtors	4,028	3,928
Amount owed by group undertakings	5,631	926
Prepayments and accrued income	179	330
Other debtors	1	1
	<b>9,839</b>	<b>5,185</b>

Amounts owed by group undertakings is receivable in 30 days from the invoiced date.

Notes (continued)

10 Finance lease receivables

	Minimum lease payments	
	2021	2020
	£'000	£'000
<i>Amounts receivable under finance leases</i>		
Within one year	65,657	69,216
In the second to fifth years inclusive	91,164	110,481
After five years	283	382
	157,104	180,079
Less: unearned finance income	(15,621)	(19,375)
Present value of minimum lease payments receivable	141,483	160,704
	Present value of minimum lease payments	
	2021	2020
	£'000	£'000
<i>Present value of minimum lease payment receivables</i>		
Within one year	57,329	59,116
In the second to fifth years inclusive	83,863	101,224
After five years	291	364
Present value of minimum lease payments receivable	141,483	160,704
	2021	2020
	£'000	£'000
<i>Analysed as:</i>		
Non-current finance lease receivables	84,154	101,588
Current finance lease receivables	57,329	59,116

Finance lease receivables with a carrying value of £nil were sold during the year (2020: £nil).

11 Deferred tax asset

Deferred tax

	2021	2020
	Asset	Asset
	£'000	£'000
Accelerated depreciation for tax purposes	1,279	1,560
Deferred tax asset	1,279	1,560

Reconciliation of movements in deferred tax

	March 2020	Recognised in profit and loss	March 2021
	£'000	£'000	£'000
Accelerated depreciation for tax purposes	1,560	(281)	1,279
Deferred tax asset	1,560	(281)	1,279

Notes (continued)

## 12 Cash and cash equivalents

	2021 £'000	2020 £'000
Bank balances	592	-
<b>Cash and cash equivalents</b>	<b>592</b>	<b>-</b>

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

## 13 Loans and borrowings

	2021 £'000	2020 £'000
<b>Current liabilities</b>		
Loans payable to group undertakings	31,999	53,002
	<b>31,999</b>	<b>53,002</b>

The loans payable to group undertaking is with Ricoh Europe Finance Limited with interest rate of 0.64% and the term on the loan is 30 days. The loan is renewed every calendar month.

## 14 Trade and other creditors

	2021 £'000	2020 £'000
<b>Current</b>		
Bank overdraft	-	199
Amount owed to group undertakings	659	-
Other taxation and social security	427	250
Deferred income	140	181
Accrued expenses	57	98
Other creditors	94	202
	<b>1,377</b>	<b>930</b>

## 15 Employee benefits

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension charge for the period is shown in note 7 to the financial statements. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

## 16 Share Capital

	2021 £'000	2020 £'000
<b>Allotted, called up and fully paid</b>		
5,970,000 Ordinary shares of £1 each	5,970	5,970
33,993,155 Preference shares of £1 each	33,993	33,993
	<b>39,963</b>	<b>39,963</b>

## 17 Financial instruments

### Fair values of financial instruments

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The following table show the valuation techniques used for Level 2 fair values. There are no financial instruments that are classified as Level 1 or Level 3.

#### Loans and receivables

The fair value of trade and other debtors is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

#### Financial liabilities measured at amortised cost

The fair value of loans payable, trade and other creditors is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Carrying Amount 2021 £'000	Fair Value 2021 £'000	Level 2 2021 £'000	Carrying Amount 2020 £'000	Fair Value 2020 £'000	Level 2 2020 £'000
<b>IFRS 9 categories of financial Assets measured at amortised cost</b>						
<b>Loans and receivables</b>						
Trade and other debtors (note 9)(*)	9,660	9,660	9,660	4,855	4,855	4,855
Finance lease receivables (note 10)	141,483	141,483	141,483	160,704	160,704	160,704
<b>Total loans and receivables</b>	<b>151,143</b>	<b>151,143</b>	<b>151,143</b>	<b>165,559</b>	<b>165,559</b>	<b>165,559</b>
<b>Total financial assets</b>	<b>151,143</b>	<b>151,143</b>	<b>151,143</b>	<b>165,559</b>	<b>165,559</b>	<b>165,559</b>
<b>Financial liabilities measured at amortised cost</b>						
Loans payable to group undertakings (note 13)	(31,999)	(31,999)	(31,999)	(53,002)	(53,002)	(53,002)
Trade and other creditors (note 14) (**)	(810)	(810)	(810)	(499)	(499)	(499)
<b>Total financial liabilities measured at amortised cost</b>	<b>(32,809)</b>	<b>(32,809)</b>	<b>(32,809)</b>	<b>(53,501)</b>	<b>(53,501)</b>	<b>(53,501)</b>
<b>Total financial liability</b>	<b>(32,809)</b>	<b>(32,809)</b>	<b>(32,809)</b>	<b>(53,501)</b>	<b>(53,501)</b>	<b>(53,501)</b>
<b>Total financial instruments</b>	<b>118,334</b>	<b>118,334</b>	<b>118,334</b>	<b>112,057</b>	<b>112,057</b>	<b>112,057</b>

\*Trade and other debtors are excluding prepayments

\*\*Trade and other creditors are excluding deferred income, corporation tax and other tax and social security

Notes (continued)

## 17 Financial instruments (continued)

### 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 obligations, and arises principally from the Company's receivables from customers and investment securities. The Company manages this risk by credit checking each potential customer and assigning it a risk category. Each customer is then given a credit limit.

### Exposure to credit risk

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	2021 £'000	2020 £'000
Trade and other debtors (note 9) (*)	9,660	4,854
Finance lease receivables (note 10)	141,483	160,704
	<b>151,143</b>	<b>165,558</b>

\*Trade and other debtors are excluding deferred tax assets, prepayments and accrued income.

### Credit quality of financial assets and impairment losses

The aging of trade and other debtors at the balance sheet date was:

	Gross 2021 £'000	Provision for Impairment 2021 £'000	Gross 2020 £'000	Provision for Impairment 2020 £'000
Not past due	2,750	16	4,033	-
Past due [0-30 days]	528	3	634	37
Past due [31-120 days]	589	97	273	49
More than 120 days	271	41	62	62
	<b>4,138</b>	<b>157</b>	<b>5,002</b>	<b>148</b>

The Company's impairment policy provides for finance lease receivables that are past due based on their age and the risk profile of the customer.

Notes (continued)

17 Financial instruments (continued)

The movement in the provision for impairment in respect of trade receivables and finance lease receivables during the year was as follows:

	2021 £'000	2020 £'000
Balance at 1 April	2,637	1,394
Movement in provision	(159)	1,243
Balance at 31 March	2,478	2,637

The allowance accounts for trade receivables and finance lease receivables are used to provide for impairment losses where the Company is uncertain that recovery of the amount owing is possible. At the point that the amounts are considered irrecoverable they are written off against the provision directly.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company participates in the Group pooling arrangements and this ensures that the liquidity risk is minimised.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount	Contractual cash flows	60 days or less	Carrying amount	Contractual cash flows	1 year or less
	2021 £'000	2021 £'000	2021 £'000	2020 £'000	2020 £'000	2020 £'000
<b>Non-derivative financial liabilities</b>						
Held at amortised cost						
Loans payable to group undertakings (note 13)	31,999	31,999	31,999	53,002	53,002	53,002
Trade and other creditors (note 14)*	810	810	810	499	499	499
	<b>32,809</b>	<b>32,809</b>	<b>32,809</b>	<b>53,501</b>	<b>53,501</b>	<b>53,501</b>

\*Trade and other creditors are excluding deferred income, corporation tax and other tax and social security

18 Contingent Liabilities

At 31 March 2021, the Company had no contingent liabilities (2020: £nil) in respect of utilisation of banking facilities.

19 Related parties

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

Notes (continued)

20 Ultimate parent

The Company's immediate parent and controlling party is Ricoh Europe Holdings PLC registered in England and Wales and the Company's ultimate parent company is Ricoh Company, Ltd., incorporated in Japan.



The parent undertaking of the smallest group for which consolidated accounts are prepared, and in which the results of the Company are included, is Ricoh Europe Holdings PLC. Copies of these consolidated accounts can be obtained from 20, Triton Street, London, NW1 3BF. The parent undertaking of the largest group is Ricoh Company, Ltd. Copies of the consolidated financial statements can be obtained from 3-6, Nakamagome 1-chome, Ohta-ku, Tokyo 143-8555 Japan. The addresses listed are also the entities respective registered offices.

## **21 Subsequent events**

There have been no subsequent events after 31 March 2021.