

Speedloan Finance Limited

Annual Report and Financial Statements
for the Year Ended 31 March 2020



Speedloan Finance Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 8
Income Statement	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 to 26

Speedloan Finance Limited

Company Information

Directors	T Kitada
	T Atsumi
	K Ogawa
Registered office	Suite 3, 1st Floor 60 Charles Street Leicester LE1 1FB
Auditors	Hawsons Chartered Accountants Statutory Auditors Jubilee House 32 Duncan Close Moulton Park Northampton NN3 6WL

Speedloan Finance Limited

Strategic Report for the Year Ended 31 March 2020

The directors present their strategic report for the year ended 31 March 2020.

Fair review of the business

The principal activity of the Company until September 2019 was that of pawnbroking, old gold buying and retail. In September 2019, the Company decided to wind down its operation and ceased all operations. On 30 September 2019 the Company sold its pledge book to a third party. Since then, the Company's sole operation has been limited to various winding down procedures.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Loan book level and quality	£m	-	10.70
Revenue	£m	11.21	22.70
Gross profit	£m	6.27	12.72
Overheads	£m	10.62	17.97
EBITDA	£m	(4.53)	(4.78)

Business developments

The core income stream of pawnbroking was suspended in September 2019 as a result of the sale of the pledge book to a third party. Other core income streams such as gold buying and jewellery retail were also suspended during the year when the decision by management to cease trading was made.

It is the intention of management to liquidate the company upon settling all liabilities. All employee contracts have been terminated and as of November 2020, two leases remain unsettled. Appropriate provisions for settlements of leases have been included within the financial statements for the year ended 31 March 2020.

Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 2.

Independent auditors

Hawsons Chartered Accountants were reappointed as auditors and are acting for the year ended 31 March 2020.

Principal risks and uncertainties

During the period of the year the Company traded there were a number of risks and uncertainties that may affect performance. An internal risk assessment process was designed to identify, manage and mitigate these business risks. The table below sets out examples of risks across the Company's activities and actions that were taken to mitigate adverse consequences.

Since the cessation of activities management assessed specific risks periodically.

Area	Description of risk	Examples of Mitigating Activities
Financial performance	Unexpected adverse movement in financial performance	Daily MI Weekly KPI's and performance by branch Weekly performance reviews Monthly board review Investment in staff training, processes, procedures and security systems
Pawnbroking and jewellery retailing	Security of customers' and the Company's jewellery	Tight control of lending rates
Gold purchasing	Significant movements in gold price Variations in the volumes of gold purchased and the underlying gold price	Continual monitoring of the market gold prices Tight control of the price paid for articles
Foreign exchange	Fluctuations in foreign currency exchange rates between the time of purchase of the currency and the time of its subsequent sale to the customer	Weekly performance reviews Small holdings of foreign currency at each store with quantities being just enough to service the Group's known requirements / short term expectations. The company does not adopt any formal hedging instruments.

Speedloan Finance Limited


Strategic Report for the Year Ended 31 March 2020

IT	IT failure	Distributed system architecture with failure resilience built in
	System change	Business continuity plan
People	Succession planning and capability	Formal, documented, change process based on PRINCE 2
		Competitive pay
		Ongoing investment in staff training and development

Regulatory

During the year ended 31 March 2020 Speedloan Finance Limited operated under a credit licence from the Financial Conduct Authority (FCA). The Directors took all necessary steps to ensure the Company complied with FCA requirements and HMRC guidelines on anti-money laundering. As of 30 April 2020 the FCA credit licence was cancelled as a result of the decision to cease trading.

Approved by the Board and signed on its behalf by:


K. Ogawa
Director
6/11/2020

Speedloan Finance Limited

Directors' Report for the Year Ended 31 March 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors of the company

The directors, who held office during the year, were as follows:

T Kitada (appointed 24 June 2019)

T Atsumi (resigned 30 June 2020)

K Ogawa

Results and dividends

The loss for the year, after taxation, amounted to £12,255,731 (31 March 2019: loss £10,826,506).

The statement of financial position as detailed on page 10 shows total equity of (£26,585,319) at 31 March 2020 ((£14,329,588) at 31 March 2019).

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 March 2020 (year ended 31 March 2019: £nil).

Going concern

In September 2019, Speedloan Finance Limited ceased its activities, and the directors made the decision to begin the process to wind down the company. These accounts have been prepared on the basis that the company is no longer a going concern, and appropriate adjustments have been made to the fair value of balances as disclosed in note 6 to these financial statements. The intention of management is to liquidate the company within the next 12 months.

Employment policies

The Company is an equal opportunities employer and does not discriminate on the grounds of gender, sexual orientation, marital or civil partnership, gender reassignment, race, colour, nationality, ethnic or national origin, religion or belief, disability or age. The Company is committed to ensuring all employees are treated fairly, with respect and are valued. The Company no longer has employees other than the directors, and does not intend to enter in to any contracts of employment prior to its liquidation.

Directors' liabilities

Qualifying third party indemnity provision is in place for the benefit of all directors of the Company.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on and signed on its behalf by:



K Ogawa
Director

6/11/2020

Speedloan Finance Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Speedloan Finance Limited

Independent Auditor's Report to the Members of Speedloan Finance Limited

Opinion

We have audited the financial statements of Speedloan Finance Limited (the 'company') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; 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.

Emphasis of matter

We draw attention to note 2 of the financial statements, which explains that in September 2019 the Company began the process of ceasing to trade. Accordingly the financial statements have been prepared on a basis other than going concern as described in note 2. Our opinion is not modified as a result of this matter.

Other information

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

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

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of our knowledge and understanding of the company and its environment obtained in the course of the audit performed, we have not identified material misstatements in the Strategic Report or 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, 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 or 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.

Speedloan Finance Limited

Independent Auditor's Report to the Members of Speedloan Finance Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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 aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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

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

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

Speedloan Finance Limited

Independent Auditor's Report to the Members of Speedloan Finance Limited

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.

Hawsons

Richard Burkimsher

(Senior Statutory Auditor)

For and on behalf of Hawsons Chartered Accountants, Statutory Auditor

Jubilee House

32 Duncan Close

Moulton Park

Northampton

NN3 6WL

9 November 2020

Speedloan Finance Limited

Income Statement for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Revenue	23	11,208,326	22,704,979
Cost of sales		<u>(4,940,321)</u>	<u>(9,988,408)</u>
Gross profit		6,268,005	12,716,571
Administrative expenses		(10,616,773)	(17,968,104)
Loss on foreign exchange	5	<u>(376,000)</u>	<u>-</u>
Operating loss	5	<u>(4,724,768)</u>	<u>(5,251,533)</u>
Exceptional items	6	<u>(6,997,715)</u>	<u>(3,832,847)</u>
Finance income	10	115,285	29,931
Finance costs	11	<u>(648,533)</u>	<u>(1,799,832)</u>
Net finance cost		<u>(533,248)</u>	<u>(1,769,901)</u>
Loss before tax		(12,255,731)	(10,854,281)
Income tax receipt	12	<u>-</u>	<u>27,775</u>
Loss and total comprehensive loss for the year		<u>(12,255,731)</u>	<u>(10,826,506)</u>

The above results were derived from discontinuing operations.

Speedloan Finance Limited

(Registration number: 04332476)

Statement of Financial Position as at 31 March 2020

	Note	2020 £	2019 £
Assets			
Non-current assets			
Intangible assets	13	-	35,001
Property, plant and equipment	14	-	258,571
Investments in subsidiaries, joint ventures and associates	15	100	-
		<u>100</u>	<u>293,572</u>
Current assets			
Inventories		-	1,717,136
Trade and other receivables	16	366,707	13,799,018
Amounts owed by fellow group undertakings	24	1,150,000	1,339,142
Cash and cash equivalents	17	275,802	3,062,473
		<u>1,792,509</u>	<u>19,917,769</u>
Total assets		<u>1,792,609</u>	<u>20,211,341</u>
Equity and liabilities			
Current liabilities			
Trade and other payables	18	1,641,431	2,129,869
Amounts owed to fellow group undertakings	25	26,736,497	32,411,060
		<u>28,377,928</u>	<u>34,540,929</u>
Equity			
Share capital	19	2	2
Share premium		292,163	292,163
Preference share capital	19	3	3
Preference share premium		222,487	222,487
Capital redemption reserve		4	4
Retained earnings		(27,099,978)	(14,844,247)
Total equity		<u>(26,585,319)</u>	<u>(14,329,588)</u>
Total equity and liabilities		<u>1,792,609</u>	<u>20,211,341</u>

Approved by the Board on and signed on its behalf by:



K Ogawa

Director

6/11/2020

Speedloan Finance Limited

Statement of Changes in Equity for the Year Ended 31 March 2020

	Share capital £	Share premium £	Capital redemption reserve £	Preference share capital £	Preference share premium £	Retained earnings £	Total £
At 1 April 2019	2	292,163	4	3	222,487	(14,844,247)	(14,329,588)
Loss for the year	-	-	-	-	-	(12,255,731)	(12,255,731)
Total comprehensive loss	-	-	-	-	-	(12,255,731)	(12,255,731)
At 31 March 2020	2	292,163	4	3	222,487	(27,099,978)	(26,585,319)

	Share capital £	Share premium £	Capital redemption reserve £	Preference share capital £	Preference share premium £	Retained earnings £	Total £
At 1 April 2018	2	292,163	4	3	222,487	(4,017,741)	(3,503,082)
Loss for the year	-	-	-	-	-	(10,826,506)	(10,826,506)
Total comprehensive loss	-	-	-	-	-	(10,826,506)	(10,826,506)
At 31 March 2019	2	292,163	4	3	222,487	(14,844,247)	(14,329,588)

The share capital represents the number of shares issued at nominal price.

Retained earnings represent the aggregate of (losses)/profits generated by the Company since trading commenced, less dividends paid.

Capital redemption reserve represents the par value of the redeemed preference shares.

The notes on pages 13 to 26 form an integral part of these financial statements.

Speedloan Finance Limited

Statement of Cash Flows for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Loss for the year		(12,255,731)	(10,826,506)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	181,216	396,482
Loss on disposal of property plant and equipment		10,107	66,955
Foreign exchange loss	5	376,000	-
Finance income	10	(115,285)	(29,931)
Finance costs	11	648,533	1,799,832
Income tax expense	12	-	(27,775)
Impairment of property, plant & equipment	14	-	464,466
Impairment of intangible assets	13	-	200,648
		(11,155,160)	(7,955,829)
Working capital adjustments			
Decrease in inventories		1,717,136	1,821,168
Decrease in trade and other receivables	16	13,432,311	5,062,679
(Decrease)/increase in trade and other payables	18	(488,438)	595,004
(Decrease)/increase in intercompany balance		(211,087)	1,632,674
Net cash flow from operating activities		3,294,762	1,155,696
Cash flows from investing activities			
Interest received		115,285	29,931
Acquisition of subsidiaries		(100)	-
Proceeds from sale of property plant and equipment		102,249	-
Acquisition of intangible assets	13	-	(22,297)
Net cash flows from investing activities		217,434	7,634
Cash flows from financing activities			
Interest paid		(648,533)	(1,799,832)
Proceeds from intercompany borrowing	25	-	5,898,400
Repayment of bank borrowing		-	(10,002,639)
Effect of foreign exchange changes	5	(376,000)	-
Issue of intercompany loan	24	-	(1,000,000)
Partial repayment of intercompany loan	25	(5,274,334)	-
Net cash flows from financing activities		(6,298,867)	(6,904,071)
Net decrease in cash and cash equivalents		(2,786,671)	(5,740,741)
Cash and cash equivalents at 1 April		3,062,473	8,803,214
Cash and cash equivalents at 31 March	17	275,802	3,062,473

The notes on pages 13 to 26 form an integral part of these financial statements.

Speedloan Finance Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

1 General information

The principal activity of the company during the year was that of pawn broking, old gold buying and retail. The company also received income from Western Union money transfer, however this was suspended early in this financial period.

The company is a private company limited by share capital, incorporated and domiciled in England.

The address of its registered office is:

Suite 3, 1st Floor
60 Charles Street
Leicester
LE1 1FB

2 Accounting policies

Statement of compliance

The company financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRSs").

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of Speedloan Finance Limited have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The directors consider that it is appropriate for the accounts to be prepared on a basis other than going concern. The Company sold the pledge book on 30 September 2019 and as a result the company is in the process of ceasing to trade. The intention of management is to liquidate the company within the next 12 months. See note 6 for a detailed breakdown of the impact of this decision on the financial statements.

Having due regard to these matters the Board has not adopted the going concern basis of accounting in preparing the financial statements.

Interpretations of standards

IFRS 16 Leases came in to effect for the financial period ended 31 March 2020. Due to the fact that the company is in the process of winding down and all leases are to be settled before solvent liquidation is to occur, there are no changes to the results of the company for the year then ended as a result of applying this standard. Provisions for lease surrender costs have been treated as liabilities within the financial statements.

There are no other new standards or amendments to standards that are mandatory for the first time for the financial period ended 31 March 2020 that have a significant impact on the Company.

Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Speedloan Finance Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Depreciation

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2% per annum on buildings (land not depreciated)
Fixtures, fittings and equipment	10 – 33% per annum

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency (Sterling) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Impairment of non-financial assets

The Company assesses at each reporting date whether an asset may be impaired. If any such indicator exists, the Company tests for impairment by estimating the recoverable amount. If the recoverable amount is less than the carrying value of an asset, an impairment loss is recognised.

Financial assets

Classification

Trade and other receivables

Recognition and measurement

Pawnbroking receivables are initially recorded at the amount advanced to the customer (plus any directly attributed issue costs). Receivables are subsequently increased by revenue, recognised using the effective interest rate method, and reduced by cash collections and any deduction for impairment.

Impairment

The Company assesses whether there is objective evidence that pawnbroking and other receivables are impaired at each balance sheet date. The principal criterion for determining whether there is objective evidence of impairment for pawnbroking receivables is delinquency or default in contractual payments on maturity of pawnbroking contracts. Other trade receivables are deemed to be impaired when a contractual payment has been missed. Impairment is calculated as the difference between the carrying value of receivables and the amount receivable either directly by repayment or by the forfeit and realisation of pledged security, in each case shortly after the balance sheet date.

Impairment is recorded through the use of an allowance account and charged to the statement of comprehensive income as part of administrative expenses.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Share capital

Ordinary shares are classified as equity.

Speedloan Finance Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Inventories

All inventory is held for resale, comprising new and second-hand inventory and ex-pledge inventory.

(a) New and second hand inventory

New and second hand inventory is valued at the lower of cost and net realisable value. Cost comprises invoice cost with no interest or overhead included.

(b) Ex-pledge inventory

Ex-pledge inventory is valued at the lower of cost and net realisable value. Ex-pledge inventory originates from the collateral initially given on the inception of pawnbroking loans. Such items are only included in inventory when they become the property of the Company due to non-redemption of the loans. The cost of ex-pledge inventory is based on the value of the loan principal and accrued interest owing on a loan at the point the pledged item is forfeit if unredeemed at the end of the pawnbroking contract.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year. Trade payables are recognised at fair value.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Tax

Deferred income tax is provided in full without discounting, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The tax expense represents the sum of the current tax expense and deferred tax expense.

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Speedloan Finance Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

Revenue recognition

Pawnbroking interest income is recognised within revenue using the effective interest rate method. The effective interest rate is that rate which exactly discounts the expected future cashflows (including interest) on a loan back to its initial carrying amount (principal advanced), but excluding the anticipated impact of customers paying late or not paying at all. Where applicable, directly attributable incremental issue costs are also taken into account in calculating the effective interest rate.

Income from retail jewellery sales, cheque-cashing, overseas money transmission and customer foreign currency exchange activities is earned in full at the time each customer transaction is carried out.

Revenue is stated net of any third party commission payable.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases with an option to purchase is depreciated over the useful life of the asset.

The accounting policy adopted for finance leases is also applied to hire purchase agreements.

Although IFRS 16 Leases came into effect for the financial period ended 31 March 2020 it has had no impact on the presentation of operating lease costs during the year.

Investments

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Defined contribution pension obligation

The Company makes contributions to privately administered pension insurance plans on behalf of eligible employees. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due in accordance with the rules of the scheme. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the statement of financial position. The assets of these schemes are held separately from those of the Company.

Speedloan Finance Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the subsequent related actual results.

Due to the fact that the Company is not continuing as a going concern there are no significant estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 Financial risk management

The Company is exposed to a number of different financial risks in the normal course of business including credit, interest rate and liquidity risks.

Credit risk

Credit risk is the risk of default by customers with secured pawnbroking loans from the Company. Credit risk is mitigated by the taking of pledged items (principally gold and other jewellery) as formal security, application of strict lending criteria, including credit checks and staff training and recruitment policies. The risk is monitored by review of impairment of receivables.

Interest rate risk

The group funding provided by the immediate parent company Ag47 Ltd is non-interest bearing.

The group funding provided by the parent company Daikokuya Holding Co., Ltd is at 10% per annum. Funding provided by Daikokuya Global Holding Co., Ltd is also at 10% per annum.

Liquidity risk

The Board receives cash forecasts which estimate future cash inflows and outflows.

In September 2019, Speedloan Finance Limited ceased its trading activities and commenced to wind down. The Board of Directors of the Company intend to maintain appropriate funding in the business for the duration of the wind down.

The accounts have been prepared on the basis that the company is no longer a going concern.

5 Operating loss

Arrived at after charging

	2020	2019
	£	£
Depreciation expense	146,215	314,348
Loss on disposal of property, plant and equipment	10,107	66,955
Amortisation expense	35,001	82,134
Impairment loss	-	665,114
Foreign exchange losses	376,000	-
Operating lease expense - property	<u>1,806,852</u>	<u>3,467,638</u>

Speedloan Finance Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

6 Exceptional items

	2020 £	2019 £
Exceptional items		
Restatement of carrying values	-	1,861,031
Write-off of irrecoverable intercompany debt	-	1,971,816
Closure-related costs	6,997,715	-
Total exceptional items	6,997,715	3,832,847

In September 2019, the company ceased its activities with a view to winding up. This has resulted in closure-related costs being treated as exceptional items in the current year (see below).

In the year ended 31 March 2019 balances were restated to their realisable values as a result of the decision of the company to cease trading.

	Note	2020 £	2019 £
Impairment of freehold property to realisable value	14	-	24,108
Impairment of computer software to realisable value	13	-	200,648
Impairment of fixtures & fittings to realisable value	14	-	440,358
Write-off of non-recoverable prepayments	16	94,000	43,473
Write-off of accrued pledge interest	16	-	1,049,724
Write down of inventory to realisable value	3	-	261,449
Write-off of accruals	18	-	(158,729)
Write-off of irrecoverable intercompany debt	24	-	1,971,816
Property lease settlement fees	21	3,172,026	-
Business rates final fees		101,000	-
External consultant fees associated with the closure of the company		501,689	-
Statutory redundancy payments		2,266,000	-
Loss on sale of the pledge book	16	568,000	-
Write-off of non-recoverable debtors	16	295,000	-
Total exceptional items		6,997,715	3,382,847

Speedloan Finance Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£	£
Wages and salaries	3,673,468	6,816,803
Social security costs	266,312	434,087
Pension costs, defined contribution scheme	107,161	183,907
	<u>4,046,941</u>	<u>7,434,797</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2020	2019
	No.	No.
Store staff	171	348
Central support, management and distribution	8	15
	<u>179</u>	<u>363</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£	£
Remuneration	<u>532,055</u>	<u>392,106</u>

No directors were accruing benefits under Company pension schemes during the year (2019: nil).

In respect of the highest paid director:

	2020	2019
	£	£
Aggregate emoluments	<u>353,803</u>	<u>311,706</u>

9 Key Management personnel

The key personnel during the year are considered to be the directors at that time. Details of remuneration are provided in note 8 to the financial statements.

10 Finance Income

	2020	2019
	£	£
Interest receivable from other group companies	<u>115,285</u>	<u>29,931</u>

Speedloan Finance Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

11 Finance costs

	2020 £	2019 £
Interest payable to other group companies	603,583	372,231
Interest on bank overdrafts and borrowings	<u>44,950</u>	<u>1,427,601</u>
	<u>648,533</u>	<u>1,799,832</u>

The funding arrangement in the prior year with Gordon Brothers was at LIBOR (minimum 0.5%) plus fixed margin of 11% per annum. The loan was fully repaid in the prior year.

12 Income tax

Tax charged/(credited) in the income statement

	2020 £	2019 £
Deferred taxation		
Reversal of deferred tax liability	<u>-</u>	<u>(27,775)</u>

Deferred tax

Deferred tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The deferred tax liability was written down to £nil in the year ended 31 March 2019 due to the company's decision to cease trading. There has been no change in the deferred tax position in the year ended 31 March 2020.

Speedloan Finance Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

13 Intangible assets

	Software £
Cost or valuation	
At 1 April 2018	468,936
Additions	22,297
Disposals	(4,329)
At 31 March 2019	486,904
At 1 April 2019	486,904
Write-off	(486,904)
At 31 March 2020	-
Amortisation	
At 1 April 2018	169,121
Amortisation charge	82,134
Impairment	200,648
At 31 March 2019	451,903
At 1 April 2019	451,903
Amortisation charge	35,001
Amortisation eliminated on write-off	(486,904)
At 31 March 2020	-
Carrying amount	
At 31 March 2020	-
At 31 March 2019	35,001

The amortisation charge in the year of £35,001 (2019: £82,134) is recognised within administrative expenses. The impairment charge of £200,648 recognised in the prior year is in relation to the closure of the company and was included to reflect the recoverable value of software and is included within exceptional items.

Speedloan Finance Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

14 Property, plant and equipment

	Freehold buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 April 2018	145,000	2,285,890	2,430,890
Disposals	-	(126,351)	(126,351)
At 31 March 2019	145,000	2,159,539	2,304,539
At 1 April 2019	145,000	2,159,539	2,304,539
Disposals	(145,000)	(2,159,539)	(2,304,539)
At 31 March 2020	-	-	-
Depreciation			
At 1 April 2018	9,600	1,321,279	1,330,879
Charge for year	2,400	311,948	314,348
Eliminated on disposal	-	(63,725)	(63,725)
Impairment	24,108	440,358	464,466
At 31 March 2019	36,108	2,009,860	2,045,968
At 1 April 2019	36,108	2,009,860	2,045,968
Charge for the year	600	145,615	146,215
Eliminated on disposal	(36,708)	(2,155,475)	(2,192,183)
At 31 March 2020	-	-	-
Carrying amount			
At 31 March 2020	-	-	-
At 31 March 2019	108,892	149,679	258,571

The charge in the year of £146,215 (2019: £314,348) for depreciation is recognised within administrative expenses. Impairment of £464,466 recognised in the prior year represented the write down of Freehold Land & Buildings and Fixtures and Fittings to their realisable values and is included within exceptional items.

Speedloan Finance Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

15 Investments

Subsidiaries	£
Cost or valuation	
At 1 April 2018	-
At 31 March 2019	-
At 1 April 2019	-
Additions	100
At 31 March 2020	100
Provision	
Provision	-
At 31 March 2020	-
Carrying amount	
At 31 March 2020	100
At 31 March 2019	-

Details of the subsidiaries as at 31 March 2020 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Speedloan PT Ventures Limited	Non-trading	United Kingdom	100%	0%

16 Trade and other receivables

	2020	2019
	£	£
Trade receivables	-	11,034,898
Provision for impairment of trade receivables	-	(335,194)
Net trade receivables	-	10,699,704
VAT	208,737	281,842
Prepayments and accrued income	147,945	2,206,308
Other receivables	10,025	611,164
Total current trade and other receivables	366,707	13,799,018

Customer receivables comprise interest-bearing secured pawnbroking receivables. Historically, an impairment review was undertaken at the balance sheet date to assess whether the carrying amount of financial assets is deemed recoverable. A provision for impairment was made when there was objective evidence of impairment which was usually indicated by a delay in the expected cash flows or non-payment from customers.

The interest-bearing secured pawnbroking receivables book (Pledge book) was sold in September 2019. As a result the year end balance is £nil. A loss on disposal of the pledge book has been recognised within exceptional items, see note 6.

Speedloan Finance Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

17 Cash and cash equivalents

	2020	2019
	£	£
Cash on hand	<u>275,802</u>	<u>3,062,473</u>

18 Trade and other payables

	2020	2019
	£	£
Trade payables	251,229	1,504,395
Accrued expenses	1,387,946	625,474
Other payables	<u>2,256</u>	<u>-</u>
	<u>1,641,431</u>	<u>2,129,869</u>

19 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	2	2	2	2
Preference shares of £0.01 each	<u>281</u>	<u>3</u>	<u>281</u>	<u>3</u>
	<u>283</u>	<u>5</u>	<u>283</u>	<u>5</u>

20 Ultimate controlling party

The intermediate UK parent company is Ag47 Limited. The ultimate UK parent is Au79 Limited. The ultimate controlling party of the Group is Daikokuya Holdings Co., Ltd, a company listed on the Tokyo Stock Exchange.

As at 31 March 2020 the largest group in which the results of the company are consolidated is that of which Daikokuya Holdings Co., Ltd is the parent company. The smallest such group is that of which Au79 Limited is the parent company.

21 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	2020	2019
	£	£
Within one year	-	2,809,115
In two to five years	-	5,899,571
In over five years	<u>-</u>	<u>1,321,357</u>
	<u>-</u>	<u>10,030,043</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,806,852 (2019 - £3,467,638).

Due to the cessation of trade and management's ultimate objective of liquidating the company, all leases that were in place as at 31 March 2020 have been settled, with the exception of two properties. Provisions for lease surrender costs as well as provisions for any dilapidations in respect of these leases have been included with trade and other payables.

Speedloan Finance Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

22 Auditors' remuneration

	2020 £	2019 £
Fees payable to company's auditors for the audit of entity and consolidated financial statements	<u>43,500</u>	<u>71,600</u>
Other fees to auditors		
Quarterly review	25,675	17,960
Other support services	<u>16,200</u>	<u>11,500</u>
	<u>41,875</u>	<u>29,460</u>

23 Revenue

The analysis of the company's revenue for the year from discontinuing operations is as follows:

	2020 £	2019 £
Pawn Broking	3,677,250	9,784,281
Retail	1,274,191	3,422,114
Gold Buying	6,202,373	9,309,009
Other	<u>54,512</u>	<u>189,575</u>
	<u>11,208,326</u>	<u>22,704,979</u>

Gold buying revenue reflects income received from the scrapping of jewellery items purchased directly from consumers. The net gain or loss on the scrapping of forfeited pledge security items is recognised in administrative expenses.

24 Amounts owed by fellow group undertakings

	2020 £	2019 £
Daikokuya Co., Ltd	-	189,142
Daikokuya Global Holding Co., Ltd	150,000	150,000
Daikokuya Holding Co., Ltd	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,150,000</u>	<u>1,339,142</u>

The balance with Daikokuya Global Holding Co., Ltd is repayable on demand and interest is charged on the balance by Speedloan Finance Limited.

Speedloan Finance Limited granted a loan of £1,000,000 to Daikokuya Holding Co., Ltd on 14 December 2018. The loan is repayable on demand, and interest is charged on this balance by Speedloan Finance Limited.

Due to the short maturities of these instruments, the Directors consider fair value to be materially consistent with carrying value.

In the prior year balances with Au79 Limited and Ag47 Limited totalling £1,971,816 were written off as irrecoverable following the cessation of group activities, and were included within exceptional items per note 6.

Speedloan Finance Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

25 Amounts owed to fellow group undertakings

	2020 £	2019 £
Ag47 Limited	25,080,459	25,080,459
Daikokuya Co., Ltd	31,972	432,201
Daikokuya Global Holding Co., Ltd	1,000,000	1,000,000
Daikokuya Holding Co., Ltd	624,066	5,898,400
	<u>26,736,497</u>	<u>32,411,060</u>

The balances with Ag47 Limited and Daikokuya Co., Ltd are not interest bearing, are unsecured and have no repayment date specified.

Daikokuya Global Holding Co., Ltd granted a loan of £1,000,000 to Speedloan Finance Limited on 16 February 2018 for a term of 3 months. At the end of the 3 month term, the loan was extended and is repayable on demand. Interest is charged on this balance by Daikokuya Global Holding Co., Ltd.

Daikokuya Holding Co., Ltd granted a loan of £5,898,400 to Speedloan Finance Limited on 22 October 2018. During the year a partial repayment was made by Speedloan Finance Limited. The remaining loan balance is repayable on demand, and interest is charged on this balance by Daikokuya Holding Co., Ltd.