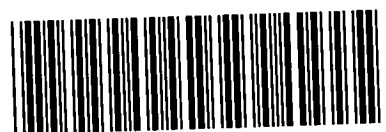


Registered number: 04383521

Rivus Fleet Solutions Limited

**Strategic Report, Directors' Report and
Financial Statements for the year ended 31
December 2021**

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Rivus Fleet Solutions Limited

Company Information

Directors

D Myers
MA Scheidler Resigned 7 May 2021
M Zuther Appointed 8 June 2021
CS Mills Appointed 10 December 2021

Company Secretary

A Kara Resigned 15 November 2021
EA Leppard Appointed 15 November 2021

Registered number

04383521

Registered Office

2620 Kings Court
The Crescent
Birmingham Business Park
Solihull, England,
B37 7YE

Independent auditor

KPMG LLP
Statutory Auditor
Chartered Accountants
One Snowhill,
Snow Hill Queensway,
Birmingham,
B4 6GH

Rivus Fleet Solutions Limited

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Rivus Fleet Solutions Limited

Strategic Report for the year ended 31 December 2021

The directors present their Strategic Report for Rivus Fleet Solutions Limited ("Rivus Fleet Solutions" or the "Company") for the year ended 31 December 2021. The comparative period is the year ended 31 December 2020.

Review of business and future developments

The Company continued throughout the year to manage the impact of the Coronavirus impact with no effect on garage openings and minimal impact on capacity. The past year has proven the business continuity plan is largely resilient in this regard and customer performance was not affected. The company continued to grow its customer base, offer additional services, managed the supply chain and operational efficiencies with a core focus of increasing the volume of work through the Rivus Fleet Solutions garage network whilst still developing our external third-party network. This focus has delivered the growth that can be seen in EBITDA compared to the prior year. Key highlights for the business in the year were as follows:

- Opened new garages in Southampton and Bristol to meet growing demand in the Southwest region with no garage closures during the pandemic
- Re launched Rivus Mobile a complimentary mobile servicing, maintenance and repair (SMR) services to our fixed garage network offer
- Delivered robust and resilient SMR to all customers with market leading Vehicle Off Road (VOR) Management
- Launched EV vehicle funding and maintenance products
- Secured in quarter 1 one the UK's largest (LCV) single vehicle order
- Invested in EV diagnostics and technician training through the Rivus garage network

The Company's Board has and will continue to review and evolve the strategic goals of the organisation with the vision of being the market leader in UK fleet and mobility services, through innovation, efficiency, and reliability. Behind this vision there are a range of objectives, spanning technology, growth, customer value, efficiency and ensuring the business has a talented and motivated workforce.

Future Developments

In looking to the future, developments include large scale investment in new technology, operational readiness for EV and alternative fuels roll out and connected vehicle deployment. We also will continue to expand our unique selling point which is our nationwide garage network and technical excellence in our bid management and tender processes for large critical fleets in the UK.

We will also continue to develop the data insights we offer to our customers as we develop our system interfaces with both customer and suppliers to focus on improved service levels, working capital and cost down initiatives. It was also announced earlier this year that we would start operational integration with our sister company Pullman Fleet Solutions which has a complementary offering focusing on HGV whilst Rivus will continue to focus on LCV. However, by bringing together the operations and network we can offer both cost synergies and wider product offering to our customer base.

Rivus Fleet Solutions Limited

Strategic Report for the year ended 31 December 2021 (continued)

Key elements of our strategic roadmap are noted below:

Rivus IT Roadmap

Rivus has approved a multi-million-pound investment in our IT infrastructure and digital interfaces to give our customers reassurance being the future proof partner to service their critical needs. Rivus is developing its own in-house solutions for new and existing products such as Budgeted Maintenance, Company Cars, Salary Sacrifice and Commercial Vehicle ordering.

In addition, Rivus is well positioned for being a market leading IT System Integrator with the ability to send and interface customer and vehicle related data in multiple formats and frequencies. The new Rivus Enterprise Hub has been designed to manage high volume, critical interfaces such as fines management, parking management, inner city mobility (CAZ, Vehicle movements) and charging solution integration all of which will be possible to implement via the Rivus Hub.

Electric Vehicle (EV) / Alternative Fuel Vehicle (AFV) Transition

Rivus is fully aware that our customers need a thought leader that it can trust to transition its fleet to EV/AFV not just now but into the future. Rivus is uniquely well placed to offer complete end-to-end solutions, managing changes, challenges & complexity associated with this transition.

Rivus has recruited a dedicated and experienced team with EV/AFV industry and garage services experts including an engineering team which is heavily involved in EV/AFV testing and ordering due to all the new EV/AFV specifications. The company continues to invest heavily in their internal garage network, in our own charging infrastructure and our Rivus technicians are IMI (Institute of Motor Industry) level 3 trained in all diagnostics and equipment in our internal network.

Rivus has established close relationships with all major OEM's and has established warranty status with some key players which enables Rivus to be at the forefront of vehicle development and the transition to zero emission. Continuous testing with the OEM's of new vehicles and prototypes based on payload, range, towing, driver behaviour, temperature and others impacts on performance enable Rivus to develop key performance data. This is allowing Rivus to become a subject matter expert and we now host EV conferences on a regular basis to share market and data insights as well as enable discussions between OEMs, customers, and the supply chain to enable cost savings through SMR and performance data as we support our customers on this transition.

Digital/mobile investment

Rivus is committed to invest in becoming a digital/mobile first company. Rivus has developed its own driver portal, the Rivus VCA (Vehicle Check App). The Rivus App includes a driver portal, several dashboards, access to all key services, a full suite of compliance and risk reporting tools as well as clear insights into costs, performance, and risks. Further developments in the Rivus App will allow drivers and fleet managers full access to vehicle information and self-service options to fulfil their job by sharing all relevant information, reports, bookings, services, emergency inquiries etc. Beneficial is the direct access to Rivus services which will enhance user experience for day-to-day services.

Telematics and ConnectedCare

Rivus is expanding its telematics solution for both fleet and plant in order to provide genuine insight, cost reduction opportunities and plant and trailer asset control. Through ConnectedCare Rivus is able to make sophisticated decisions on proactive and predictive maintenance to minimise vehicle downtime and therefore save money. Rivus consistently provides an unmatched market leading downtime

Rivus Fleet Solutions Limited

Strategic Report for the year ended 31 December 2021 (continued)

performance and will continue to do so. Service Levels and Reporting also includes spend control where Rivus' customers need a cost control process with checks based on agreed thresholds (costs, type of job's, vehicle age etc). Rivus Insights (Rivus Reporting App) provides these meaningful insights for budgeting, fleet management and other services already today.

ESG requirements and Compliance

Rivus fulfils the ESG requirements which it considers is core to its business and fundamental to its growth strategy. As noted below in the Directors report during 2022 Rivus will continue in its investment in People, Planet and Policy in order to reduce our impact on the Environment and build on our sustainable strategy which is already market leading in terms ESG readiness and initiatives started. The company will continue to invest in its accreditations ISO's 45001, 9001, 14001 and 27001 and has commenced the roll out of Carbon and Climate training via an external partnership with the Supply Chain Sustainability School.

Principal risks and uncertainties

The Executive Management team review the risks facing the Company on a weekly basis and work to mitigate the risks. Processes are designed to identify, mitigate and manage risk and the ultimate responsibility for risk management is owned by the Executive Board. The principal risks facing the business and the key controls in place to mitigate these are as follows:

Retention of key functional and technical skills: the company is committed to an investment programme in both onboarding and subsequent training and evaluation of all its employees and recognises fully the importance of this stakeholder relationship

Competitive risk / market share erosion: the company recognises the competitive sector of Service, Maintenance and Repair (SMR) and believes the operating model of owning the internal network of garages is providing a differentiated level of service into our critical fleet of customers. The company philosophy is to retain and develop the long-term relationships and leverage this base whilst looking to win large critical fleet new customers with our attractive sales proposition

Data Protection and Cyber Security: the company recognises the criticality of the data we hold and indeed the data insights we provide to our customers as part of our service offering. We therefore have committed significant investment in our IT infrastructure and systems to ensure they are resilient and protected. We will continue this as we build on our service offering, introduce new digital tools and grow in volume and value. We are Cyber Essentials Plus accredited across the group and have ISO27001 certification in our sister HGV business; with plans to rollout ISO27001 across the remainder of the group by June 2023.

Economic and geopolitical uncertainties: the impact on the automotive sector supply chains post Covid are well recorded and have caused a significant increase in vehicle lead times and hence vehicle availability. The war in Ukraine has applied further pressure on this supply chain. Rivus continue to maintain very strong relationships with all our supplier partners including OEM's and rental providers. Rivus continue to obtain highly competitive lead times and discounts from OEM manufacturers and are meeting the higher demand on SMR from our critical customers with increased investment in our internal garage network. The Company also has an established and tested business continuity plan to ensure operations can withstand further interruptions which proved highly resilient during the

Rivus Fleet Solutions Limited

Strategic Report for the year ended 31 December 2021 (continued)

Covid pandemic. These plans are actively managed by the Company's leadership team at a national and local level.

Failure to meet legal and regulatory compliance requirements: The company has a dedicated Environmental, Health & Safety team and a strong health and safety culture alongside rigorous process and procedures that apply groupwide. This is reinforced by regular, structured audits of our internal garage networks, extensive training material and investment in safety equipment and workwear. The company has also appointed a Corporate Compliance Manager to further enhance governance and posture in other regulatory areas including data protection, whistleblowing, anti-bribery and modern slavery. We have strengthened our supplier assurance processes to ensure that our supply base continues to meet our information security, compliance and ethical standards. These teams report (at least) monthly to the Executive leadership team. We hold accreditations in ISO45001 (H&S Management), ISO14001 (Environmental Management) and ISO9001 (Quality Management).

Results and Business Review

The results for the 12-month period ended 31 December 2021 provided an impressive increase in turnover of £23.8m to £162.5m (December 2020: £138.7m), operating profit of £2.5m (December 2020: £2.8m loss) and an increase in EBITDA (defined below under Key Performance Indicators) pre-one-off costs of £2.7m in relation to the pre-sale waiver of loan and debt with sister company AutoRestore Limited (refer to note 5) of £13.4m (December 2020: £10.7m) which was driven by strong operating performance. The profit before taxation was £1.7m (December 2020: £4.5m loss). The credit for taxation was £2.6m (December 2020: £0.4m credit) which resulted in a profit for the financial year of £4.3m (December 2020: £4.1m loss).

Post Balance Sheet Review

The Company refinanced its asset-based lending facility on 31 March 2021 with Leumi of a £38m facility, shared with sister company Pullman Fleet Solutions Limited, which was an extension through to 30 September 2024.

Key Performance Indicators

In addition to the above results, the company is managed using extensive KPI's at both a business and operational level with regular reviews held weekly and monthly executive reviews. The following are a list of the key KPI's in use during 2021:

- **EBITDA:** measured as operating profit before interest, depreciation, and amortisation.
- **Number of employees:** the average number of employees remained stable compared to the prior year.
- **Gross Margin:** gross margin is measured after deducting the cost of material and direct labour cost allocated to the repair jobs conducted on site. It also includes the gross margin across other critical products such as Hire, Recoveries, Breakdown, Accident management and is reviewed in detail by customer account monthly.
- **Employee engagement score (ENPS):** this measures employee satisfaction and bi-annual surveys are conducted across all employees with an impressive participation level of 80%. During 2021 we increased our eNPS score by 50 points and will continue to drive improvements across the business.

Rivus Fleet Solutions Limited

Strategic Report for the year ended 31 December 2021 (continued)

- **Aged Debt:** this measures all aged debt greater than 30 days overdue and is subject to a weekly executive review and is a critical part of our credit control team and engagement with our operations to address any debt collection issues on a timely basis
- **VOR (Vehicle off the Road):** this is critical measure in our sector and records the time our customer vehicle is off the road from point of scheduled arrival at our garage network to awaiting customer collection. This is measured across all major customer accounts and Rivus pride itself in offering a market leading service in this regard
- **Reportable incident and Near Misses:** this is a critical Health and Safety metric which is reviewed at monthly H&S meetings reviewed by the executive each month. In addition, there is a real time email alert issued to the CEO and key executive for each accident occurrence. Such reviews ensure all accidents and near misses are reported on a timely basis and corrective actions are addressed to ensure risk within the working environment is minimized. A monthly report is also presented at both Executive and Shareholder review meetings.

Statement of directors' responsibilities in respect of S172 of the Companies Act 2006

The directors exercise their duty to promote the success of the Company for the benefit of its members as a whole in accordance with the requirements of Section 172 of the Companies Act 2006. The following disclosures noted in the Director's report below describes how the directors have had regard and complied the matters set out in section 172(1)(a) to (f) Companies Act 2006 and forms the director's statement in accordance with section 414 CZA of the Companies Act 2006.

By order of the Board

David Myers

David Myers (Sep 28, 2022 12:21 GMT+1)

David Myers
for and on behalf of Rivus Fleet Solutions Limited

Chief Executive Officer
28th September 2022

Rivus Fleet Solutions Limited

Directors report for the year ended 31 December 2021

The directors present their Report and the audited financial statements of Rivus Fleet Solutions Limited for the year ended 31 December 2021.

The Company is required to prepare a fair review of the business for the year ended 31 December 2021 and of the position at the end of the financial period and a description of the principal risks and uncertainties facing the Company (known as a Strategic report). The purpose of the Strategic report is to enable shareholders to assess how the Directors have performed their duty under Section 172 of the Companies Act 2006. The information that fulfils the requirement of the Strategic report can be found on pages 1 to 5.

Principal activities

The Company's principal activity is the provision of Fleet Management services to a wide range of customers with a focus on critical use fleet operators. We operate on a nationwide basis across our own internal network of 56 garages which is our unique selling point. In addition to fleet management which cover the service, maintenance, and repair (SMR) of mainly Light Commercial Vehicles (LCV) we also provide a comprehensive service for vehicle procurement and leasing, rental solutions, accident management, fines and fuel management, recovery services and finally re marketing of vehicles upon lease expiry. With our expertise and continued investment in fleet management and vehicle connected technology, Rivus Fleet Solutions continues to drive technological developments, cost reductions and efficiency programmes for its customers.

Financial Risks

The directors review and agree policies for managing each of these risks that are summarized below. These policies are consistent with the prior year.

Price risk

The price of parts and services that support the service, maintenance, and repair sector as a shortage in technical skill sets, supply chain challenges, availability of vehicles and an ageing sector fleet are driving demand and price. Rivus has a very successful commercial model in passing on increases to customers when required as in the main, Rivus operate a cost-plus model.

Credit risk

The Company's principal financial assets are cash and trade debtors. The principal credit risk arises therefore from trade debtors.

To manage credit risk, the directors set credit limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed on a risk basis in conjunction with debt ageing and collection history and where appropriate accounts are placed on a payment on collection basis. In addition, the CFO conducts a weekly review of all overdue debt and timely action and in some case legal action is taken to ensure full debt collection.

Liquidity risk

The company's liquidity requirement for a day-to-day operating cash flow continued to be supported by Leumi with an extension to the £38m asset-based finance facility that was executed in March 2022 and provide full facility cover through to September 2024. This facility is based on our receivables and given the blue-chip nature of our customers and tight credit control noted above, this facility provides significant headroom during the working capital cycle allowing on time payment to our suppliers.

Rivus Fleet Solutions Limited

Directors report for the year ended 31 December 2021 (continued)

Interest rate risk

Substantially all the company's non-trade indebtedness relates to the receivables agreement referred above which are linked to SONIA rates. The Company's exposure to interest rate fluctuations is managed using floating facilities.

Company policy throughout the period has been to manage this risk through the day-to-day involvement of management in business decisions designed to minimise the Company's borrowings.

Dividends

An interim dividend of £665,000 was paid during the period (December 2020: Nil). The directors do not recommend the payment of a final dividend in respect of the period ended 31 December 2021 (December 2020: £Nil).

Share capital and reserves

Details of the issued share capital of the Company are shown in Note 20.

Directors

The directors of the Company who were in office during the period and up to the date of signing the financial statements, unless otherwise stated were:

D Myers	
MA Scheidler	Resigned on 7 May 2021
M Zuther	Appointed on 8 June 2021
CS Mills	Appointed on 10 December 2021

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of a Directors' and Officers' liability insurance, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The insurance does not provide cover where the person has acted fraudulently or dishonestly.

Company Employees

The Company is committed to involving employees in the business through a policy of communication and consultation. Arrangements have been established for the regular provision of information to all employees through briefings, our intranet and well-established formal consultation procedures including through channels with our recognized Trade union.

The Company holds excellent relationships with the recognized Trade Unions consulting on Health and Safety and employee relations matters.

Rivus Fleet Solutions Limited

Directors report for the year ended 31 December 2021 (continued)

The Company is committed to its equal opportunities policies, which includes promoting training and career development for all employees. Full and fair consideration for all vacancies and opportunities will be given to men and women, people with disabilities and those from ethnic minorities, regardless of marital status, age, religion or sexual orientation. The policy is supported by a Code of Practice on harassment which recognises that all employees have the right to be treated with dignity and respect.

When looking at the gender pay gap as a median and a mean average our results are very positive. The averages show that there is only a very small gap in the average earnings of men and women at Rivus. As of April 2021, the mean gap was 3% and the median gap was 9%. This means on average men earn 58p more than women per hour when looking at our workforce, and £1.49 per hour more than women when looking at our midpoint earnings. The gap that remains is primarily driven by the difference in the rates between technical and clerical roles and is typical of our industry. Typically, females are underrepresented in technician and mobile engineer roles throughout the industry. Rivus will be expanding its apprenticeship programme in 2022 and in doing so we will be looking to attract interest from underrepresented groups, including females.

The Company has a Whistleblowing policy whereby employees can raise concerns with a Compliance and Risk Manager and appoint an independent investigator where warranted.

Engagement with our stakeholders

The Board seeks to understand the respective interests of key stakeholder groups so that these may be properly considered in the Board's decisions. We do this through various methods, including direct engagement by Board members; receiving reports and updates from members of management who engage with such groups; and coverage in our Board meetings of relevant stakeholder interests regarding proposed courses of action. As part of its ongoing activities with its key stakeholders the directors have undertaken the following activities:

Shareholders

Our ultimate shareholder is Aurelius Equity Opportunity which is a proactive and hands on investor in medium sized and corporate groups. Rivus continue to create value for the shareholder by delivering strong operational and financial results and work closely with the Aurelius team to seek growth opportunities from both organic and acquisition growth. The Executive board meet and present monthly to discuss the Health and Safety, financial, operational performances and to discuss the strategic roadmap alongside acquisition opportunities. In addition, the shareholder has a permanent representative on the Executive board which provides excellent support on both key projects and strategic roll out programmes.

Employees

The company's policy is to consult and discuss those matters with colleagues which are likely to affect their interests. This is done directly with colleagues and also through our recognized Trade Unions who we meet with bi-weekly. We have several mechanisms for consulting and communicating including our Company Intranet site which hosts the latest company news, developments and employee programmes along with recordings of any Company briefings. We host regular Town Halls where we share business updates and quarterly Ask the Exec sessions where employees are invited to raise questions and engage directly with the Executive Board members.

Rivus Fleet Solutions Limited

Directors report for the year ended 31 December 2021 (continued)

We hold a monthly Team Engagement session with all People Managers whereby we update them on a variety of business topics, which feed into their team huddles, this along with our quarterly newsletter ensures all colleagues are engaged in the strategic direction of the business. We conduct bi-annual employee surveys including measuring eNPS and have seen an improvement in this metric of 50 points in the last 12 months. Finally, all colleagues are set objectives on a bi-annual basis linked to both the Company objectives and their own personal development ensuring we continue to drive the overall business performance through our people.

Suppliers

The company has focused heavily on its supply chain and procurement function over the last 12 months and has taken the decision to adopt strategic procurement approach to its spend. We have introduced a category management way of working which strategically manages the key spend and drives regular pricing and strategic reviews with its strategic suppliers on a quarterly basis to drive continuous improvement in their service levels and in return seeks to abide by the payment terms agreed with the supplier and is fully supportive of the code of Payments Practices Reporting. It has also implemented a digital onboarding vendor supplier process allowing for more governance over vendor assurance and ensuring all suppliers undertake both credit rating check and compliant with our Supplier Code of Conduct.

Customers

We have developed long term partnerships with our key customers and apply an account management approach to each key contractual relationship applying a multilevel approach from relationship tactical and service level reviews to Executive strategic reviews. Protecting our existing customer base whilst remain active in our bid management to secure new customers is the cornerstone of our growth strategy and we are pleased to have been awarded Fleet Supplier of the Year in 2021 and 2022 consecutively underpinning our firm position in this sector.

Communities

We aim to work closely with both local communities and charities and leaving a positive impression to ensure both economic and social benefits are achieved in the communities within which we operate. We comply with legislative requirements, and we hold several accreditations such as ISO14001

Health & Safety

Rivus has established robust procedures to ensure that all Accidents, Incidents, Near Misses and Safety Concerns are reported, investigated and corrective actions put in place with the objective being to prevent injury, damage, or loss and to communicate best practice and comply with its legal and moral obligations. In addition, all accidents are notified to the CEO in real time through a bespoke reporting system tailored to the needs of Rivus. The CEO and executive team hold bi-weekly Health, Safety and Compliance meetings to review strategic health, safety, environmental and corporate compliance matters. Technical staff are consulted with on health and safety matters during various processes including but not limited to site visits, committee meetings, risk assessments, audits, team briefings, town hall events and one to one session.

Rivus has implemented a Health & Safety Management System based on HSG65 that is certified to BS EN ISO 45001:2018. Annually these systems are verified by UKAS accredited third party.

Rivus Fleet Solutions Limited

Directors report for the year ended 31 December 2021 (continued)

Environment and Sustainability

Rivus has implemented an Environmental management system certified BS EN ISO 14001:2015. Annually these systems are verified by UKAS accredited third party and along with its Environmental Policies and Procedures demonstrating our commitment to work with our suppliers and customers to help our impact on the Environment. Waste minimisation and recycling is still a high priority for the business and continuously explore avenues where reductions can be made in the generation recycled or waste bi-products, this includes working alongside our supply chain.

The Executive Management team annually set KPI's consistent with its Environmental and Sustainability Policy our commitment is such we have set our primary objective to be Net Carbon Zero by 2030.

Corporate Social Responsibility

At the heart of our business is building a sustainable strategy that puts people at the centre of everything we do, reducing our impact on the planet and supporting the communities we operate in. Our strategy is also to collaborate closely with our suppliers and customers, to ensure we all do contribute to protect the planet for the future. Our plan revolves around the 3p's – People, Planet and Policy.

Streamlined Energy and Carbon Reporting (SECR)

Stated below is the mandatory reporting of energy and greenhouse gas emissions for the year ended 31 March 2021 pursuant to the Companies (Directors 'Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Our methodology to calculate our greenhouse gas emissions is based on Environmental Reporting Guidelines including streamlined energy and carbon reporting guidance (March 2019) issued by DEFRA (Updated Introduction and Chapters 1 and 2) and UK Government GHG Conversion Factors. For 2020 comparative reporting purposes, consumption has been extrapolated from available data and estimated based on a 16% variation in turnover between financial years. We report using a financial control approach to define our organisational boundary. We have reported all material emission sources required by the regulations, for which we deem ourselves to be responsible and have maintained records of all source data and calculations.

Our energy management programme is ongoing, including monitoring and targeted reporting of energy consumption monthly. Below includes total energy consumption (reported as kWh) and greenhouse gas emissions for the sources required by the regulations, along with our intensity ratio.

	2021	2020
Total Energy Consumption used for Emissions calculation (Kwh)	21,364,575	17,946,243
Emissions resulting from combustion of gas and fuel (tCo2e) (Scope 1)	12,218	2,887
Emissions resulting from the purchase of electricity	992	870
Total Gross reported emissions (Scope 1 and 2)	13,210	3,757
Intensity ratio (Scope 1 & 2 emissions per £m turnover)	81.54	23

Rivus Fleet Solutions Limited

Directors report for the year ended 31 December 2021 (continued)

Political and charitable donations

No political donations were made during the period and the Company did not contribute to charitable or community programmes. (2020: £nil)

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Annual 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.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be decreed to be reappointed and KMPG LLP will therefore continue in office.

The directors' report on pages 6 to 11 was approved by the Board of directors on 28th September 2022 and was signed by its order.


David Myers (Sep 28, 2022 12:21 GMT+1)

David Myers
for and on behalf of Rivus Fleet Solutions Limited

Chief Executive Officer

28th September 2022

Registered Office

2620 Kings Court
The Crescent
Birmingham Business Park

Rivus Fleet Solutions Limited

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including 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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so (as explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 RIVUS FLEET SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Rivus Fleet Solutions Limited ("the company") for the year ended 31 December 2021 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIVUS FLEET SOLUTIONS LIMITED (CONTINUED)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected pairing of journals crediting revenue and unexpected cash pairings and journals posted to seldom used accounts during the financial year.
- Evaluated the business purpose of significant unusual transactions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIVUS FLEET SOLUTIONS LIMITED (CONTINUED)

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: GDPR compliance, health and safety legislation, employment law and anti-bribery, recognizing the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIVUS FLEET SOLUTIONS LIMITED (CONTINUED)

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 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 these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIVUS FLEET SOLUTIONS LIMITED (CONTINUED)

The purpose of our audit work and to whom we owe our responsibilities

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.

NDavies

Nicola Davies (Senior Statutory Auditor)
for an on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill
Queensway
Birmingham
B4 6GH

28th September 2022

Rivus Fleet Solutions Limited

Statement of comprehensive income for the year ended 31 December 2021

	Note	Year Ended 31 December 2021 £'000	Year ended 31 December 2020 £'000 (Restated – see note 23)
Turnover	4	162,452	138,711
Cost of sales		(124,837)	(106,043)
Gross profit		37,615	32,668
Administrative expenses (including one-off costs of £2,697,000 (2020: £nil) – see note 5)		(35,880)	(36,449)
Other operating income	5	796	992
Operating profit/(loss)		2,531	(2,789)
Interest receivable and similar income	6	630	-
Interest payable	7	(1,421)	(1,736)
Profit/(loss) before taxation	5	1,740	(4,525)
Tax on profit/(loss)	10	2,594	435
Profit/(loss) for the financial year		4,334	(4,090)
Other comprehensive income		-	-
Total comprehensive income/(expense) for the year		4,334	(4,090)

All results derive entirely from continuing activities. The notes on pages 21 to 36 form an integral part of these financial statements.

Rivus Fleet Solutions Limited

Balance sheet as at 31 December 2021

		31 December 2020	31 December 2020
	Note	£'000	£'000
Non-current assets			
Intangible assets	11	5,302	6,239
Tangible assets	12	3,289	2,522
Right of Use assets	13	24,494	31,250
Investments	14	-	-
		<u>33,085</u>	<u>40,011</u>
Current assets			
Stocks	15	560	703
Debtors	16	61,222	66,286
Cash at bank and in hand		2,574	9,866
Deferred tax asset	19	4,117	1,117
		<u>68,473</u>	<u>77,972</u>
Creditors: amounts falling due within one year	17	(53,914)	(67,696)
Net current assets		<u>14,559</u>	<u>10,276</u>
Total assets less current liabilities		<u>47,644</u>	<u>50,287</u>
Creditors: amounts falling due after one year	18	(21,357)	(27,670)
Net assets		<u>26,287</u>	<u>22,617</u>
Equity			
Called up share capital	20	200	200
Retained earnings		26,087	22,417
Total equity		<u>26,287</u>	<u>22,617</u>

The notes on pages 21 to 36 form an integral part of these financial statements.

The financial statements on pages 18 to 36 were approved and authorised for issue by the Board of directors on 28th September 2022 and were signed on its behalf by

David Myers
David Myers (Sep 28, 2022 12:21 GMT+1)

David Myers

Director
Rivus Fleet Solutions Limited
Registered number 04383521

Rivus Fleet Solutions Limited

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2020	200	26,507	26,707
Transactions with owners of the business recorded directly into equity			
Dividends	-	-	-
Total transactions with owners of the business	-	-	-
Total comprehensive expense			
Loss for the period	-	(4,090)	(4,090)
Total comprehensive expense for the year	-	(4,090)	(4,090)
At 31 December 2020	200	22,417	22,617
At 1 January 2021	200	22,417	22,617
Transactions with owners of the business recorded directly into equity			
Dividends	-	(665)	(665)
Total transactions with owners of the business	-	(665)	(665)
Total comprehensive income			
Profit for the year	-	4,335	4,335
Total comprehensive income for the year	-	4,335	4,335
At 31 December 2021	200	26,087	26,287

The notes on pages 21 to 36 form an integral part of these financial statements.

Rivus Fleet Solutions Limited

Notes to the financial statements for the year ended 31 December 2021

1 General Information

Rivus Fleet Solutions Limited ("the Company") provides motor vehicle fleet services to fleet operators with the primary customer being BT plc. This activity includes vehicle leasing, fleet management, fleet maintenance services and accident management services.

The Company is a private company, limited by shares, and is incorporated and domiciled in the UK. The address of its registered office is 2620 Kings Court, The Crescent Birmingham Business Park, Solihull, B37 7YE.

2 Basis of preparation and accounting policies

Preparation of the financial statements

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.

The financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101), which involves the application of International Financial Reporting Standards (IFRS) with a reduced level of disclosure.

The financial statements have been prepared on the going concern basis, under the historic cost convention and in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 (Reduced Disclosure Framework). The preparation of financial statements in accordance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of complexity, or areas involving assumptions and estimates are disclosed in note 3 to these financial statements.

These financial statements are separate financial statements. The Company is exempt, by virtue of s400 of the Companies Act 2006, from the requirement to prepare and deliver consolidated financial statements because it is included in the group financial statements of Aurelius Equity Opportunities SE & CO KGAA. The group financial statements of Aurelius Equity Opportunities SE & CO KGAA are available to the public and can be obtained as set out in note 22.

Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

2 Basis of preparation and accounting policies (continued)

Exemptions

As permitted by FRS 101, the Company has taken advantage of available disclosure exemptions. The following exemptions have been taken:

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payments (details of the number and weighted-average exercise price of share options, and how the fair value of goods or services received was determined)
- The requirements of IFRS 7 Financial Instruments: Disclosures.
- The requirements of IAS 7 Statement of Cash Flows.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures (key management compensation).
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1 'Presentation of Financial Statements';
 - (ii) paragraph 73(e) of IAS 16 'Property, Plant and Equipment'.
- The following paragraphs of IAS 1 'Presentation of Financial Statements':
 - 10 (d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134 to 136 (capital management disclosures).

The Company intends to continue to take advantage of these exemptions in future years.

Where required, equivalent disclosures have been given in the consolidated financial statements of Aurelius Equity Opportunities SE & CO KGAA.

Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

2 Basis of preparation and accounting policies (continued)

Accounting Policies

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

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

At year end the Company was party to an invoice discounting facility with Leumi ABI Limited which is a shared facility with sister company, Pullman Fleet Solutions Limited, and the Company funds its operations through this facility and the cash it generates from operations. The facility was due to expire in September 2022. The terms of the facility were re-negotiated, and a new agreement was signed on 1 April 2022 to amend the facility end date to September 2024.

The directors have prepared a base case cash flow forecast for the borrowing group (this company and Pullman Fleet Solutions) for 12 months from the date of approval of these financial statements which has been used as the basis for assessing the going concern basis of preparation. They have also prepared a reasonably plausible downside forecast. The going concern assessment indicates that, taking account of reasonably possible downsides, the company will have sufficient funds through the Facility Agreement, to meet its liabilities as they fall due and that all covenants will be met during the going concern assessment period.

Consequently, the directors are confident that the Company will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. They have therefore prepared the financial statements on a going concern basis.

Lease Accounting

The Company procures vehicles and equipment for onward lease to customers. Such items are purchased either through outright purchase or externally funded lease arrangements. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys the right to use the asset.

Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

2 Basis of preparation and accounting policies (continued)

Where an item is purchased, it is accounted for as a fixed asset. Where an item is procured via an externally funded arrangement that conveys the right to use an asset, it is accounted for as a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Company used the definition of a lease in IFRS 16.

Rivus Fleet as a lessee

From 1st April 2019 all leases are accounted for under IFRS16.

The Company recognises a right-of-use asset and a lease liability at the commencement of the lease. The right-of-use asset is initially measured at cost and subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, and subsequently at amortised cost using the effective interest method.

Rivus Fleet as a lessor

Vehicles and equipment leases to customers in which a significant portion of the risks and rewards of ownership are retained by the Company are classified as operating leases and held as Tangible fixed assets. Operating lease income is accounted for on a straight-line basis over the period of the lease term, with any rental increases recognised during the period to which they relate.

Vehicles and equipment leases to customers in which substantially all the risks and rewards of ownership are passed on the customer are classified as finance leases. Finance lease transactions are recognised as receivables at an amount equal to the Company's net investment in the finance lease which is represented by the minimum future lease rentals less gross earnings allocated to future periods. Finance lease income is recognised over the primary period of the lease so as to produce a constant rate of return on the Company's net investments.

Revenue

Revenue, which excludes value-added tax and other sales taxes, comprises the value of services provided and is recognised in line with the requirements of IFRS15. The nature of goods and services sold relates to fleet management, and servicing, maintenance and repair (SMR) of vehicles. Income is accrued on a monthly basis to reflect the value of income earned but not invoiced in each period owing to the incidence of the monthly billing process.

Income from leases is recognised dependent on the lease type as described above:

Income from fleet management services is recognised over the period of the contract based on the level of work performed.

Refunds or additional repair work if appropriate is offered to a customer if deemed necessary by Rivus mechanics following a failure in repair work.

Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

2 Basis of preparation and accounting policies (continued)

Other operating income

Other operating income in 2021 relates to management fee charges to other Aurelius Group companies, in 2020 this also includes support received as part of the Government's Coronavirus Job Retention Scheme.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost, net of any accumulated depreciation, and any impairment charges. On disposal of tangible fixed assets, the difference between the sale proceeds and the net book value at the date of disposal is recorded in administrative expenses in the income statement. In the case of any indicators of impairment, management review the net book value of the Company's tangible fixed assets to ensure they are held at the higher of cost less accumulated depreciation and recoverable value.

Depreciation is provided on tangible fixed assets on a straight-line basis from the time the asset is available for use, to write off the asset's cost over the estimated useful life taking into account any expected residual value. Freehold land is not depreciated.

The lives, in years, assigned to significant tangible assets are:

Light commercial vehicles	5 to 7
Specialist commercial vehicles	7 to 14
Plant and machinery	2 to 5

Right of use assets are depreciated over the remaining life of the lease which is on average 6 years for vehicles and 10 years for property.

Intangible fixed assets and amortisation

Software comprises computer software licenses purchased from third parties, and also the cost of internally developed software. Computer software licenses purchased from third parties are initially recorded at cost. Costs directly associated with the development of internally generated software, including direct and indirect labour costs of development, are capitalised as an intangible asset on the balance sheet only where it is probable that the software will generate future economic benefits, the cost of the asset can be reliably measured, and technical feasibility can be demonstrated. Costs which do not meet these criteria are expensed as incurred.

Amortisation is provided on intangible fixed assets on a straight-line basis from the time the asset is available for use, to write off the asset's cost over the estimated useful life.

The lives, in years, assigned to intangible assets are:

Software	3
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Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

2 Basis of preparation and accounting policies (continued)

Investments

Investments in subsidiaries are accounted for at cost less, where appropriate, allowances for impairment. Where there are any indicators of impairment, management will review the carrying value of the investment to ensure it does not exceed the recoverable amount.

Stocks

Stocks mainly comprise items of motor parts and consumable items. They are stated at the lower of cost, including appropriate overheads, and estimated net realisable value, after provisions for obsolescence.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Pension schemes and other post-retirement benefits

The Company participated in the Rivus Group Flexible Retirement Plan which is available to existing and new employees. The pension plan is a contract-based defined contribution pension scheme operated by Standard Life. The pension cost charged to the income statement reflects contributions payable by the Company over the reporting period.

Pension cost over the reporting period

The pension charge for the year was £2.7m (2020: £2.7m). At the year end, the amount due to be paid by the Company in connection with pension contributions for the year was £0.4m (2020: £0.4m). The amount was settled during January 2022.

Current tax

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is recognised using the liability method, in respect of temporary differences between the carrying amount of the Company's assets and liabilities and their tax base. A deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is determined using tax rates that are expected to apply in periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

3 Critical accounting estimates and key judgements

In the application of the Company's accounting policies, 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.

The estimates, judgements 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.

The directors consider that there are no critical accounting estimate and key judgements within the financial statements.

4 Turnover

All turnover derives from services provided within the United Kingdom.

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000 (As restated, see note 23)
Revenue streams		
Income from fleet management service and SMRs	162,452	138,711
	<u>162,452</u>	<u>138,711</u>

Rivus Fleet Solutions Limited sole geographical market is the United Kingdom, with garages in key areas across England, Wales & Scotland.

Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

5 Expenses and auditor's remuneration

Included in profit/loss are the following:

	Year Ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Stocks recognised as an expense in the year	69,598	62,523
(Release)/provision for impairment of stock (included in 'cost of sales')	(47)	89
Staff costs (see note 9)	38,593	39,071
Depreciation of tangible fixed assets (see note 12)	1,088	1,144
Depreciation of right of use assets (see note 13)	4,042	4,467
Amortisation of intangible fixed assets (see note 11)	3,294	4,064
Profit on disposal of tangible fixed assets	(281)	(6)
Other operating income*	(796)	(992)
Investment impairment (see note 14)	-	641
Auditors' remuneration; for statutory audit of the Company's financial statements	137	124
Waiver of loan and debt impairment**	2,697	-
Auditors' remuneration; for statutory audit of Subsidiary's financial statements***	16	18

* Other operating income in 2021 represents income from management fees charged to other Aurelius companies. In 2020 other operating income represented management fees charged to other Aurelius companies (£89k) and support received as part of the Government's Coronavirus Job Retention Scheme (£903k).

** Administrative expenses include one-off costs incurred relating to the pre-sale waiver of loan and debt with sister company AutoRestore Ltd to support the sale on 7 March 2022 by Rivus Midco, immediate parent of Rivus Fleet Solutions.

***Other remuneration for non-audit services was paid to the auditors of £16k in relation to tax services (2020: £18k).

6 Interest receivable and similar income

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Interest receivable and similar income	630	-

Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

7 Interest payable and similar expense

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Interest payable on ROU liabilities	1,175	1,333
Interest payable on borrowing facilities	246	403
	<u>1,421</u>	<u>1,736</u>

8 Directors' emoluments

Directors' emoluments for services attributable to Rivus Fleet Solutions Limited

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Aggregate emoluments	384	93
Pension	<u>24</u>	<u>4</u>

The emoluments of M Zuther were paid by the Aurelius Group. His services to the Company were of a non-executive nature and his emoluments are deemed to be wholly attributable to services to the parent company. No amounts are charged or recharged to the Company for the services of these directors. Accordingly, the above details include no emoluments in respect of these directors.

9 Employee information

The average monthly number of employees during the period was:

	Year ended 31 December 2021 Number	Year ended 31 December 2020 Number
Service and maintenance	506	581
Fleet management and administration	<u>301</u>	<u>224</u>
	<u>807</u>	<u>805</u>

Employment costs of all employees included above:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	32,876	33,388
Social security costs	3,066	2,985
Other pension costs	<u>2,651</u>	<u>2,698</u>
	<u>38,593</u>	<u>39,071</u>

Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

10 Tax on profit

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Current tax:		
United Kingdom corporation tax on profit of the year	406	-
Deferred tax:		
Origination and reversal of timing differences	38	(219)
Adjustment in respect of prior years	(146)	(122)
Recognition of previously unrecognised deferred tax	(2,530)	-
Effect of tax rate change on opening balances	(362)	(94)
Total deferred taxation (note 19)	(3,000)	(435)
Tax credit on profit on ordinary activities	(2,594)	(435)

Reconciliation of the total tax charge

The tax expense in the income statement for the year is different than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below.

Profit on ordinary activities before taxation	1,740	(4,525)
Tax on profit multiplied by standard rate of corporation tax at 19% (2020: 19%)	331	(860)
Capital allowances and fixed asset adjustments	-	101
Expenses not deductible for tax purposes	543	151
Deferred tax assets not recognised	-	591
Recognition of previously unrecognised losses	(2,530)	-
Utilisation of unrecognised losses	(406)	-
Adjustment for prior years	(146)	(122)
Change in tax rates	(362)	
Accounting adjustments and transfers	(24)	(296)
Total tax charge for the year	(2,594)	(435)

Factors that may affect future tax charges

The March 2021 Budget announced the tax rate would increase to 25% for the financial year beginning 1 April 2023, this was substantively enacted on 24 May 2021. The deferred tax asset has been calculated at this rate. On 23 September 2022 the Chancellor of the Exchequer announced that the corporation tax rate will remain at 19% from 1 April 2023, reversing the previously enacted measure to increase the rate to 25%. This reversal in the tax rate from 1 April 2023 has not been enacted or substantively enacted and accordingly has no impact on the tax balances at 31 December 2021. The potential impact of this change on the deferred tax asset at 31 December 2021 would be a reduction of £988,000.

Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

11 Intangible assets

	Software £'000
Cost	
As at 1 January 2021	26,636
Additions	2,357
At 31 December 2021	28,993
Accumulated amortisation	
At 1 January 2021	(20,397)
Charge for the financial period	(3,294)
At 31 December 2021	(23,691)
Net book amount as at 31 December 2021	5,302
Net book amount as at 31 December 2020	6,239

12 Tangible assets

	Plant and Machinery £'000	Vehicles £'000	Total £'000
Cost			
At 1 January 2021	11,424	1,220	12,644
Additions	1,081	837	1,918
Disposals	(28)	(76)	(104)
Adjustment	6	(2)	4
At 31 December 2021	12,483	1,979	14,462
Accumulated depreciation			
At 1 January 2021	(9,128)	(994)	(10,122)
Charge for the financial year	(1,052)	(36)	(1,088)
Disposals	6	44	50
Adjustment	-	(13)	(13)
At 31 December 2021	(10,174)	(999)	(11,173)
Net book amount as at 31 December 2021	2,309	980	3,289
Net book amount as at 31 December 2020	2,296	226	2,522

Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

13 Right of Use Assets

	Land & Buildings £'000	Vehicles £'000	Total £'000
Cost			
At 1 January 2021	34,080	2,789	36,869
Additions	4,044	-	4,044
Disposals	(7,408)	(554)	(7,962)
Adjustment	(584)	-	(584)
At 31 December 2021	30,132	2,235	32,367
Accumulated depreciation			
At 1 January 2021	(4,281)	(1,338)	(5,619)
Charge for the financial year	(3,455)	(587)	(4,042)
Disposals	1,278	480	1,758
Adjustment	30	-	30
At 31 December 2021	(6,428)	(1,445)	(7,873)
Net book amount as at 31 December 2021	23,704	790	24,494
Net book amount as at 31 December 2020	29,799	1,451	31,250

14 Investments

	Subsidiary undertaking £'000
Cost	
At 31 December 2020 and 31 December 2021	641
Impairment	
At 31 December 2020 and 31 December 2021	(641)
Net book amount	
At 31 December 2020 and 31 December 2021	-

The Company holds 100% of the issued share capital of SEV Automotive and Plant Limited, a mobile vehicle maintenance and servicing business. SEV Automotive and Plant Limited is incorporated in the United Kingdom. The address of its registered office is 2620 Kings Court, The Crescent, Birmingham Business Park, Solihull, B37 7YE.

The Directors made the decision to fully impair the investment in SEV Automotive and Plant Limited (SEV) due to the decision to transfer the trade and assets to Rivus Fleet Solutions Limited and SEV being in a net liability position and therefore nothing is expected to be realised.

Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

15 Stocks

	31 December 2021 £'000	31 December 2020 £'000
Raw materials and consumables	560	703

16 Debtors

	31 December 2021 £'000	31 December 2020 £'000
Amounts falling due within one year:		
Trade debtors	27,440	43,721
Amounts owed by group undertakings*	13,196	8,803
Prepayments and accrued income	19,363	13,762
Other debtors	1,223	-
Total debtors falling due within one year	61,222	66,286

* Amounts owed by group undertakings are unsecured, interest bearing and repayable on demand.

17 Creditors amounts falling due within one year

	31 December 2021 £'000	31 December 2020 £'000
Amounts falling due within one year		
Trade creditors	4,029	7,957
Amounts owed to group undertakings*	345	50
Other Creditors	962	1,359
Other taxation and social security	3,764	853
Accruals and deferred income	29,248	25,572
Invoice discounting facility**	10,254	26,999
Corporation tax liability	406	-
Lease liabilities	4,906	4,906
Total creditors falling due within one year	53,914	67,696

* Amounts owed to group undertakings are unsecured and are not interest bearing.

** Amounts owed to invoice discounting facilities are secured against outstanding trade debtor balances and interest bearing at 1.95% above the 3 month LIBOR.

Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

18 Creditors amounts falling due after one year

	31 December 2021 £'000	31 December 2020 £'000
Amounts falling due after one year		
Lease liabilities	21,357	27,670
Total creditors falling due after one year	21,357	27,670

19 Deferred tax asset

	Deferred taxation £'000
Balance at 1 January 2021	1,117
Credited to the income statement during the year	3,000
Balance at 31 December 2021	4,117

The deferred taxation asset results from the tax effect of timing differences as follows. There are no unrecognised deferred tax liabilities and no unrecognised deferred tax assets (2020 £591,201).

	31 December 2021 £'000	31 December 2020 £'000
Fixed asset temporary differences	1,413	973
Trade losses	2,530	-
Pension provisions and other timing differences	174	144
Total deferred tax asset	4,117	1,117

20 Called up share capital

	31 December 2021 £'000	31 December 2020 £'000
Allotted, called up and fully paid:		
200,001 (2020: 200,001) ordinary shares of £1 each	200	200

21 Contingent liabilities

At 31 December 2021 there were no contingent liabilities or guarantees other than those arising in the ordinary course of the Company's business and on these no material losses are anticipated (2020: £Nil).

Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

22 Controlling entities

The Company is a wholly-owned subsidiary of Rivus Midco Limited which is the immediate parent undertaking. The ultimate controlling entity is Aurelius Equity Opportunities SE & CO KGAA

The ultimate parent undertaking and the largest group of companies into which the results of the Company are consolidated is Aurelius Equity Opportunities SE & CO KGAA, a Company incorporated in Germany.

The Company is a wholly owned subsidiary of Aurelius Equity Opportunities SE & CO KGAA., consequently the Company is exempt under the terms of IAS 24 "Related Party Disclosures" from disclosing details of transactions and balances with Aurelius Equity Opportunities SE & CO KGAA and fellow group subsidiaries provided such subsidiaries are wholly owned.

The parent undertaking of the smallest group of companies into which the results of the Company are consolidated is Aurelius Equity Opportunities SE & CO KGAA, a Company incorporated in Germany. Copies of the financial statements of Aurelius Equity Opportunities SE & CO KGAA are available from Aurelius Equity Opportunities SE & CO KGAA, Ludwig- Ganghofer-Strasse, 682031 Grunwald.

23 Prior period adjustment

During the current period, it was identified that road fund licence costs, a pass-through cost to the customer, was shown gross within turnover and costs of sales, instead of being correctly net off..

To enable accurate comparatives to the current year the accounts for the prior year have been restated in these financial statements.

The impact on the turnover, cost of sales and gross margin are shown in the table below. There is no impact on the balance sheet as presented for the year ended 31 December 2020.

Rivus Fleet Solutions Limited

Notes to the financial statement for the year ended 31 December 2021 (continued)

23 Prior period adjustment (continued)

Impact on the income statement as at 31 December 2020

	As previously reported £'000	Prior period restatement £'000	As restated £'000
Turnover	149,295	(10,584)	138,711
Cost of Sales	(116,627)	10,584	(106,043)
Gross profit	32,668	-	32,668
Administrative expenses	(36,449)	-	(36,449)
Other operating income	992	-	992
Operating profit/(loss)	(2,789)	-	(2,789)
Interest receivable and similar income	-	-	-
Interest payable	(1,736)	-	(1,736)
Profit/(loss) before taxation	(4,525)	-	(4,525)
Tax on profit/(loss)	435	-	435
Profit/(loss) for the financial year	(4,090)	-	(4,090)
Other comprehensive income	-	-	-
Total comprehensive income/(expense) for the year	(4,090)	-	(4,090)