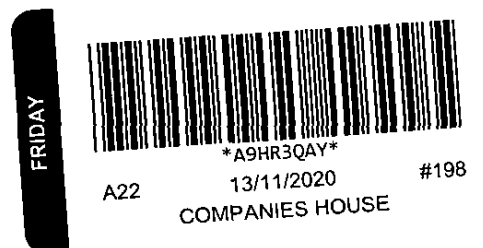


For the year ended 31 December 2019

REGISTERED NUMBER: 03693534 (England and Wales)

**Group Strategic Report, Directors' Report and
Audited Consolidated Financial Statements for the Year Ended 31 December 2019
for
CSI Leasing UK Limited**

Landin Wilcock & Co
Statutory Auditor
68 Queen Street
Sheffield
South Yorkshire
S1 1WR



CSI Leasing UK Limited

**Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2019**

	Page
Company Information	1
Group Strategic Report	2
Directors' Report	4
<i>Statement of Directors' Responsibilities</i>	6
Report of the Independent Auditors	7
Consolidated Income Statement	10
Consolidated Other Comprehensive Income	11
Consolidated Balance Sheet	12
Company Balance Sheet	13
Consolidated Statement of Changes in Equity	15
<i>Company Statement of Changes in Equity</i>	16
Consolidated Cash Flow Statement	17
Notes to the Consolidated Cash Flow Statement	18
Notes to the Consolidated Financial Statements	20

CSI Leasing UK Limited
Company Information
for the Year Ended 31 December 2019

DIRECTORS:	B D Naylor S G Hamilton N M Bodur J W Gunson I R Shaw
REGISTERED OFFICE:	1-2 Chambers Way Newton Chambers Road Thornccliffe Park Chapelstown Sheffield S35 2PH
REGISTERED NUMBER:	03693534 (England and Wales)
INDEPENDENT AUDITORS :	Landin Wilcock & Co Statutory Auditor 68 Queen Street Sheffield South Yorkshire S1 1WR
BANKERS:	Yorkshire Bank Fargate Sheffield South Yorkshire S1 1LL

CSI Leasing UK Limited
Group Strategic Report
for the Year Ended 31 December 2019

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

REVIEW OF BUSINESS

The company is pleased to report excellent trading in the year, with the Freedom Tech Limited subsidiary acquired in 2017 continuing to have a significant beneficial impact on the annual figures. The nature of the Freedom Tech business, which sells its receivables, is reflected in the substantial increase in annual turnover. CSI's generic business also continues to grow. The net result is an increase in profit before tax from £1.5m to £2.0m. Net assets also increased from £13.7m to £15.3m.

CSI continues to seek expansion opportunities, developing its range of services and widening its markets. With the backing of CSI Leasing Inc and Tokyo Century Corporation groups, the directors believe the company is well placed to take advantage of further opportunities which may arise.

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

	31/12/19 £	31/12/18 £
Turnover	43,437,809	29,053,113
Profit before tax	2,000,821	1,480,829
Net assets	15,325,244	13,675,619

PRINCIPAL RISKS AND UNCERTAINTIES

Within the control of CSI are its internal controls, the retention of skilled staff and its flexibility to adapt to changes in the market.

As well as the continued monitoring of opportunities, the company regularly reviews risk and uncertainty. The main threats outside of our control are the effect of the Covid-19 pandemic and the uncertainties posed by Brexit.

BREXIT

The directors continue to assess the risk to the business as the Brexit process continues and will implement any appropriate actions.

CSI Leasing UK Limited
Group Strategic Report
for the Year Ended 31 December 2019

COVID-19

The company is pleased to report that it is coping well with the challenges created by the global pandemic. Initially, and in accordance with Government guidance, the offices were closed and employees were instead working from home where possible. As the lockdown eased, business started to return to a more normal footing and more employees have returned to the office. The company is following Government guidance to keep their premises Covid-secure and protect its employees.

Profitability in 2020 to date is ahead of both the performance in 2019, and also ahead of budget. The company has so far not experienced a significant increase in defaults by leasees, and in any event it is largely protected from the risk of defaults by the non-recourse nature of most of its loan financing. The CSI Lifecycle Services UK subsidiary has seen increased demand for IT equipment as a result of many people being required to work from home during the lockdown.

The directors continue to monitor the constantly changing situation, and will take any necessary action to protect the business and its employees.

ON BEHALF OF THE BOARD:

I R Shaw - Director

26 October 2020

CSI Leasing UK Limited
Directors' Report
for the Year Ended 31 December 2019

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of lease and sale of computers and computer related equipment.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

B D Naylor
S G Hamilton
N M Bodur
J W Gunson
I R Shaw

FINANCIAL INSTRUMENTS

Objectives and policies

The directors have considered and reviewed the provisions included in the Companies Act 2006 relating to the financial risk management objectives and policies of the group. As part of that review, the directors have also considered the exposure to the group to a variety of financial risks and have various policies and procedures to mitigate or reduce these risks.

Residual Value Risk

Residuals are established following an assessment of the market value of the equipment, the maturity date of the lease and the value of similar assets, of similar age to when the lease matures. Residual values are assessed on a regular basis and where applicable, adjusted to reflect the current market values of these assets.

Credit & Interest Rate Risk

The group enjoys strong long term relationships with its panel of long term lease financing partners. These provide lease finance on a non recourse basis matched with the currency and term of the lease receivables financed. This significantly reduces the group from exposure to credit, interest rate and foreign exchange rate risk. The group has also implemented rigorous credit assessment policies that require appropriate credit checks on potential customers before leases are written and invests considerable resources in its credit control department to ensure lease receivables are collected on time.

CSI Leasing UK Limited
Directors' Report
for the Year Ended 31 December 2019

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

I R Shaw - Director

26 October 2020

CSI Leasing UK Limited

**Statement of Directors' Responsibilities
for the Year Ended 31 December 2019**

The directors are responsible for preparing the Group 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Auditors to the Members of CSI Leasing UK Limited

Opinion

We have audited the financial statements of CSI Leasing UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report, the Directors' Report and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors 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. We have nothing to report in this regard.

Report of the Independent Auditors to the Members of CSI Leasing UK Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of
CSI Leasing UK 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 a Report of the Auditors 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.

Robert G Hampstead (Senior Statutory Auditor)
for and on behalf of Landin Wilcock & Co
Statutory Auditor
68 Queen Street
Sheffield
South Yorkshire
S1 1WR

27 October 2020

CSI Leasing UK Limited
Consolidated Income Statement
for the Year Ended 31 December 2019

	Notes	31/12/19 £	31/12/18 £
TURNOVER		43,437,809	29,053,113
Cost of sales		(34,680,992)	(21,967,060)
GROSS PROFIT		8,756,817	7,086,053
Administrative expenses		(5,271,389)	(4,453,553)
		3,485,428	2,632,500
Other operating income		136,131	156,084
OPERATING PROFIT	4	3,621,559	2,788,584
Interest receivable and similar income		72,325	140,548
		3,693,884	2,929,132
Interest payable and similar expenses	5	(1,693,063)	(1,448,303)
PROFIT BEFORE TAXATION		2,000,821	1,480,829
Tax on profit	6	(351,196)	(343,564)
PROFIT FOR THE FINANCIAL YEAR		1,649,625	1,137,265
Profit attributable to: Owners of the parent		1,649,625	1,137,265

The notes form part of these financial statements

CSI Leasing UK Limited

Consolidated Other Comprehensive Income
for the Year Ended 31 December 2019

	Notes	31/12/19 £	31/12/18 £
PROFIT FOR THE YEAR		1,649,625	1,137,265
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,649,625</u>	<u>1,137,265</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,649,625</u>	<u>1,137,265</u>

The notes form part of these financial statements

CSI Leasing UK Limited (Registered number: 03693534)

Consolidated Balance Sheet
31 December 2019

	Notes	31/12/19 £	31/12/18 £
FIXED ASSETS			
Intangible assets	8	5,574,327	5,578,129
Tangible assets	9	23,867,635	21,038,029
Investments	10	-	-
		<u>29,441,962</u>	<u>26,616,158</u>
CURRENT ASSETS			
Stocks	11	5,137,867	4,967,881
Debtors: amounts falling due within one year	12	12,972,117	10,239,974
Debtors: amounts falling due after more than one year	12	15,561,408	10,100,965
Cash at bank and in hand		469,326	349,006
		<u>34,140,718</u>	<u>25,657,826</u>
CREDITORS			
Amounts falling due within one year	13	(26,676,101)	(22,194,671)
NET CURRENT ASSETS		<u>7,464,617</u>	<u>3,463,155</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>36,906,579</u>	<u>30,079,313</u>
CREDITORS			
Amounts falling due after more than one year	14	(21,581,335)	(16,403,694)
NET ASSETS		<u>15,325,244</u>	<u>13,675,619</u>
CAPITAL AND RESERVES			
Called up share capital	18	100	100
Capital contribution	19	1,863,676	1,863,676
Retained earnings	19	13,461,468	11,811,843
SHAREHOLDERS' FUNDS		<u>15,325,244</u>	<u>13,675,619</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 October 2020 and were signed on its behalf by:

I R Shaw - Director

The notes form part of these financial statements

CSI Leasing UK Limited (Registered number: 03693534)

Company Balance Sheet
31 December 2019

	Notes	31/12/19 £	31/12/18 £
FIXED ASSETS			
Intangible assets	8	-	-
Tangible assets	9	23,640,863	20,863,899
Investments	10	6,501,225	6,101,225
		<u>30,142,088</u>	<u>26,965,124</u>
CURRENT ASSETS			
Stocks	11	5,057,781	4,890,171
Debtors: amounts falling due within one year	12	12,471,738	9,502,374
Debtors: amounts falling due after more than one year	12	15,526,571	10,085,934
Cash at bank		149,361	259,518
		<u>33,205,451</u>	<u>24,737,997</u>
CREDITORS			
Amounts falling due within one year	13	(28,434,959)	(23,138,086)
NET CURRENT ASSETS		<u>4,770,492</u>	<u>1,599,911</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>34,912,580</u>	<u>28,565,035</u>
CREDITORS			
Amounts falling due after more than one year	14	(21,581,335)	(16,403,694)
NET ASSETS		<u>13,331,245</u>	<u>12,161,341</u>

The notes form part of these financial statements

CSI Leasing UK Limited (Registered number: 03693534)

Company Balance Sheet - continued
31 December 2019

	Notes	31/12/19 £	31/12/18 £
CAPITAL AND RESERVES			
Called up share capital	18	100	100
Capital contribution	19	1,863,676	1,863,676
Retained earnings	19	11,467,469	10,297,565
SHAREHOLDERS' FUNDS		<u>13,331,245</u>	<u>12,161,341</u>
Company's profit for the financial year		<u>1,169,904</u>	<u>1,136,073</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 October 2020 and were signed on its behalf by:

I R Shaw - Director

The notes form part of these financial statements

CSI Leasing UK Limited
Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Capital contribution £	Total equity £
Balance at 1 January 2018	100	10,674,578	1,863,676	12,538,354
Changes in equity				
Total comprehensive income	-	1,137,265	-	1,137,265
Balance at 31 December 2018	100	11,811,843	1,863,676	13,675,619
Changes in equity				
Total comprehensive income	-	1,649,625	-	1,649,625
Balance at 31 December 2019	100	13,461,468	1,863,676	15,325,244

The notes form part of these financial statements

CSI Leasing UK Limited

Company Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Capital contribution £	Total equity £
Balance at 1 January 2018	100	9,161,492	1,863,676	11,025,268
Changes in equity				
Total comprehensive income	-	1,136,073	-	1,136,073
Balance at 31 December 2018	100	10,297,565	1,863,676	12,161,341
Changes in equity				
Total comprehensive income	-	1,169,904	-	1,169,904
Balance at 31 December 2019	100	11,467,469	1,863,676	13,331,245

The notes form part of these financial statements

CSI Leasing UK Limited
Consolidated Cash Flow Statement
for the Year Ended 31 December 2019

	Notes	31/12/19 £	31/12/18 £
Cash flows from operating activities			
Cash generated from operations	1	9,671,981	12,655,945
Interest paid		(1,668,313)	(1,447,066)
Interest element of hire purchase or finance lease rental payments paid		-	(86)
Tax paid		(193,614)	46,654
Net cash from operating activities		7,810,054	11,255,447
Cash flows from investing activities			
Purchase of tangible fixed assets		(15,824,446)	(13,639,886)
Purchase of fixed asset investments		(630,002)	(79,600)
Sale of tangible fixed assets		967,122	938,933
Interest received		72,325	140,548
Net cash from investing activities		(15,415,001)	(12,640,005)
Cash flows from financing activities			
Movement in non-recourse loan balances		7,752,335	2,065,766
Movement in recourse loan balances		(27,068)	(314,614)
Capital repayments in year		-	(799)
Amount withdrawn by directors		-	(99,999)
Net cash from financing activities		7,725,267	1,650,354
Increase in cash and cash equivalents		120,320	265,796
Cash and cash equivalents at beginning of year	2	349,006	83,210
Cash and cash equivalents at end of year	2	469,326	349,006

The notes form part of these financial statements

CSI Leasing UK Limited

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2019

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31/12/19	31/12/18
	£	£
Profit before taxation	2,000,821	1,480,829
Depreciation charges	12,432,105	9,981,335
Profit on disposal of fixed assets	(585)	(184)
Finance costs	1,693,063	1,448,303
Finance income	(72,325)	(140,548)
	16,053,079	12,769,735
(Increase)/decrease in stocks	(169,986)	150,255
(Increase)/decrease in trade and other debtors	(8,267,667)	1,425,996
Increase/(decrease) in trade and other creditors	2,056,555	(1,690,041)
Cash generated from operations	9,671,981	12,655,945

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	469,326	349,006

Year ended 31 December 2018

	31/12/18	1/1/18
	£	£
Cash and cash equivalents	349,006	83,210

The notes form part of these financial statements

CSI Leasing UK Limited

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2019

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/19 £	Cash flow £	At 31/12/19 £
Net cash			
Cash at bank and in hand	349,006	120,320	469,326
	<u>349,006</u>	<u>120,320</u>	<u>469,326</u>
Debt			
Debts falling due within 1 year	(14,489,703)	(3,103,423)	(17,593,126)
Debts falling due after 1 year	(13,703,694)	(4,621,845)	(18,325,539)
	<u>(28,193,397)</u>	<u>(7,725,268)</u>	<u>(35,918,665)</u>
Total	<u>(27,844,391)</u>	<u>(7,604,948)</u>	<u>(35,449,339)</u>

The notes form part of these financial statements

CSI Leasing UK Limited

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2019**

1. STATUTORY INFORMATION

CSI Leasing UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £1.

CSI Leasing UK Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2019.

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

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

CSI Leasing UK Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

The deferred consideration payable in respect of the acquisition of Freedom Tech Limited in 2017 is contingent on future performance. The directors currently estimate the total fair value of the contingent consideration to be £3.6 million, an increase of £0.4 million over the year. The final consideration depends mainly on the profitability and origination of the subsidiary in the five years following the acquisition, as well as the performance of CSI Leasing UK Limited.

Critical accounting judgements and key sources of estimation uncertainty

Judgement is required in the classification of a lease between a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. A lease that is not a finance lease is an operating lease. The previous accounting standard (SSAP21) contained a rebuttable presumption that the risks and rewards of ownership were deemed to have been transferred where the present value of the minimum lease payments was at least 90% of the fair value of the asset. FRS102 does not contain a similar presumption. However, the directors consider that the 90% test provides a reasonable basis for classifying leases, and therefore they intend to continue to apply this method of classification.

The key estimation uncertainty affecting the group is the estimated residual values of equipment at the end of a lease. Residual values are determined from a table provided by the parent company, using a combination of the type of asset and the length of lease. The table is derived from the group's vast experience of leasing IT equipment. It is updated regularly to reflect changes in the market and experiences of actual realisations.

Turnover

The group's main sources of turnover are derived from operating lease rental income, the finance charge element of finance lease rentals, the sale of goods and commission income. Turnover is shown net of Value Added Tax, sales taxes, returns, rebates and discounts, and after eliminating sales within the group.

Recognition of revenue from operating and finance leases is explained in the leasing accounting policy note.

Revenue generated from the sale of goods is recognised at the date of despatch of the goods.

Commission income on the arrangement of a lease for a third party lessor is recognised upon activation of the lease.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of ten years.

CSI Leasing UK Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Short leasehold	- straight line over period of lease
Equipment let under operating lease	- straight line over period of lease
Fixtures and fittings	- straight line over 2 to 7 years
Motor vehicles	- straight line over 7 years
Computer equipment & software	- straight line over 2 to 10 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

As a lessor, the company cannot classify a lease as being either a finance lease or an operating lease until the inception of the lease. The classification is based on the ratio of the present value of lease rentals to the fair value of the equipment (as described in the critical accounting judgements accounting policy), and neither of these variables can be determined until all of the equipment has been acquired.

Equipment purchased for the purposes of leasing is therefore included within stocks until the inception of the lease, at which point the costs are transferred either to net investment in finance leases within debtors (for a finance lease) or to fixed assets (for an operating lease). Stocks held for the purposes of leasing are shown separately from stocks held for resale in the stocks note.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the asset of the company after deducting all of its liabilities.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

CSI Leasing UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange at the date of transaction. Foreign currency monetary items are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Leasing

Lessee

Rentals payable under operating leases are charged in the Consolidated Income Statement on a straight line basis over the lease term.

Assets held under finance leases or hire purchase agreements, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the Consolidated Income Statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Lessor

Assets held for use in operating leases are included as a separate category in fixed assets at cost and depreciated over their useful economic life. Rental income as lessor from operating leases is recognised on a straight line basis over the term of the lease.

Assets recorded in the balance sheet as finance lease receivables represent the net investment in equipment purchased by the company. These assets are reduced over the term of the lease by the amount paid by the lessee less an amount representing interest receivable on the capital balance. The interest thus arising is accounted for as follows:

- the total amounts receivable from customers, plus any estimated residual values at the end of the leases, less the costs of the equipment or contracts acquired, are recorded as unearned income at the start of the contract.
- this unearned income is subsequently released to the Consolidated Income Statement to provide an approximately constant rate of return on the balance of the contract outstanding.

Initial direct costs in setting up a lease are charged to the Consolidated Income Statement over the period of the lease.

CSI Leasing UK Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Going concern

Despite the continuing Covid-19 pandemic, the group has continued to trade profitably post year-end. The directors expect the company to continue trading for the foreseeable future and have no concerns about the continuing availability of non-recourse loan finance to support new lease origination. The financial statements have therefore been prepared on a going concern basis.

3. EMPLOYEES AND DIRECTORS

	31/12/19	31/12/18
	£	£
Wages and salaries	2,674,412	2,364,000
Social security costs	348,475	311,229
Other pension costs	36,269	19,381
	<u>3,059,156</u>	<u>2,694,610</u>

The average number of employees during the year was as follows:

	31/12/19	31/12/18
Executive directors	5	5
Administration and support	53	47
	<u>58</u>	<u>52</u>

	31/12/19	31/12/18
	£	£
Directors' remuneration	635,150	702,338
Directors' pension contributions to money purchase schemes	3,035	1,044
Compensation to director for loss of office	-	30,000
	<u>-</u>	<u>30,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

CSI Leasing UK Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

3. EMPLOYEES AND DIRECTORS - continued

Information regarding the highest paid director is as follows:

	31/12/19	31/12/18
	£	£
Emoluments etc	<u>287,000</u>	<u>293,412</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31/12/19	31/12/18
	£	£
Hire of plant and machinery	1,305	1,304
Other operating leases	150,676	165,894
Depreciation - owned assets	12,028,303	9,577,533
Profit on disposal of fixed assets	(585)	(184)
Goodwill amortisation	403,002	403,002
Patents and licences amortisation	800	800
Auditors' remuneration	35,000	30,000
Foreign exchange differences	<u>(189,410)</u>	<u>(272,203)</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31/12/19	31/12/18
	£	£
Group interest	360,824	229,607
Non-recourse and recourse loan interest	1,332,004	1,215,292
Other interest	235	3,318
Hire purchase	-	86
	<u>1,693,063</u>	<u>1,448,303</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31/12/19	31/12/18
	£	£
Current tax:		
UK corporation tax	276,115	229,064
Deferred tax	75,081	114,500
Tax on profit	<u>351,196</u>	<u>343,564</u>

UK corporation tax has been charged at 19% (2018 - 19%).

CSI Leasing UK Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

6. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31/12/19	31/12/18
	£	£
Profit before tax	<u>2,000,821</u>	<u>1,480,829</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	380,156	281,358
Effects of:		
Expenses not deductible for tax purposes	3,111	4,861
Adjustments to tax charge in respect of previous periods	212	9,070
group companies in respect of		
Difference in tax rates on timing differences	(6,257)	(15,362)
Amortisation of goodwill arising on consolidation	76,570	76,570
Other adjustments	13,855	(12,933)
Group relief	<u>(116,451)</u>	<u>-</u>
Total tax charge	<u>351,196</u>	<u>343,564</u>

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

CSI Leasing UK Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

8. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 January 2019	6,249,726	4,800	6,254,526
Additions	400,000	-	400,000
	<hr/>	<hr/>	<hr/>
At 31 December 2019	6,649,726	4,800	6,654,526
	<hr/>	<hr/>	<hr/>
AMORTISATION			
At 1 January 2019	675,597	800	676,397
Amortisation for year	403,002	800	403,802
	<hr/>	<hr/>	<hr/>
At 31 December 2019	1,078,599	1,600	1,080,199
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 December 2019	5,571,127	3,200	5,574,327
	<hr/>	<hr/>	<hr/>
At 31 December 2018	5,574,129	4,000	5,578,129
	<hr/>	<hr/>	<hr/>

Individually material intangible assets:

Goodwill - CSI Lifecycle Services UK Limited

The carrying amount of this asset is £1,947,110 (2018 - £1,947,110). The company has received a guarantee from its parent company, CSI Leasing Inc, in support of the carrying value of the goodwill arising on the acquisition of CSI Lifecycle Services UK Limited. If the proceeds arising on a sale or winding up of CSI Lifecycle Services UK Limited are less than the current carrying value in the accounts, then CSI Leasing Inc has guaranteed to pay the amount of the shortfall on demand to CSI Leasing UK Limited. The guarantee shall remain in force indefinitely, but may be revoked with no less than 12 months prior notice. The directors consider that, given the parent company guarantee, the useful economic life is indefinite and therefore the goodwill is not currently amortised.

Goodwill - Freedom Tech Limited

The carrying amount of this asset is £3,624,017 (2018 - £3,627,019). The company was acquired on 21 December 2017.

An additional £400,000 of goodwill has been recognised during the year, as a result of an increase in the expected contingent consideration payable under the purchase agreement.

The directors consider the useful economic life of the goodwill to be 10 years.

CSI Leasing UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

9. TANGIBLE FIXED ASSETS

Group

	Short leasehold £	Equipment let under operating lease £	Fixtures and fittings £
COST			
At 1 January 2019	-	34,679,107	307,336
Additions	72,618	15,534,470	63,667
Disposals	-	(7,239,496)	-
At 31 December 2019	72,618	42,974,081	371,003
DEPRECIATION			
At 1 January 2019	-	14,027,145	250,533
Charge for year	19,170	11,859,387	38,992
Eliminated on disposal	-	(6,273,753)	-
At 31 December 2019	19,170	19,612,779	289,525
NET BOOK VALUE			
At 31 December 2019	53,448	23,361,302	81,478
At 31 December 2018	-	20,651,962	56,803

	Motor vehicles £	Computer equipment & software £	Totals £
COST			
At 1 January 2019	188,904	554,442	35,729,789
Additions	-	153,691	15,824,446
Disposals	-	(5,823)	(7,245,319)
At 31 December 2019	188,904	702,310	44,308,916
DEPRECIATION			
At 1 January 2019	137,920	276,162	14,691,760
Charge for year	9,468	101,286	12,028,303
Eliminated on disposal	-	(5,029)	(6,278,782)
At 31 December 2019	147,388	372,419	20,441,281
NET BOOK VALUE			
At 31 December 2019	41,516	329,891	23,867,635
At 31 December 2018	50,984	278,280	21,038,029

CSI Leasing UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

9. TANGIBLE FIXED ASSETS - continued

Company

	Short leasehold £	Equipment let under operating lease £	Fixtures and fittings £	Computer equipment & software £	Totals £
COST					
At 1 January 2019	-	34,679,107	11,873	459,203	35,150,183
Additions	72,618	15,534,470	41,020	45,075	15,693,183
Disposals	-	(7,239,496)	-	(5,618)	(7,245,114)
At 31 December 2019	72,618	42,974,081	52,893	498,660	43,598,252
DEPRECIATION					
At 1 January 2019	-	14,027,145	9,600	249,539	14,286,284
Charge for year	19,170	11,859,387	7,676	63,507	11,949,740
Eliminated on disposal	-	(6,273,753)	-	(4,882)	(6,278,635)
At 31 December 2019	19,170	19,612,779	17,276	308,164	19,957,389
NET BOOK VALUE					
At 31 December 2019	53,448	23,361,302	35,617	190,496	23,640,863
At 31 December 2018	-	20,651,962	2,273	209,664	20,863,899

10. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2019	6,424,458
Additions	400,000
At 31 December 2019	6,824,458
PROVISIONS	
At 1 January 2019 and 31 December 2019	323,233
NET BOOK VALUE	
At 31 December 2019	6,501,225
At 31 December 2018	6,101,225

CSI Leasing UK Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

10. FIXED ASSET INVESTMENTS - continued

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

CSI Lifecycle Services UK Limited

Registered office: 1-2 Chambers Way, Newton Chambers Road, Thorncliffe Park, Chapeltown, Sheffield, England, S35 2PH

Nature of business: Sale of computer equipment

	%
Class of shares:	holding
Ordinary	100.00

This company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2019.

Freedom Tech Limited

Registered office: 1-2 Chambers Way, Newton Chambers Road, Thorncliffe Park, Chapeltown, Sheffield, England, S35 2PH

Nature of business: IT financing specialists

	%
Class of shares:	holding
Ordinary	100.00

This company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2019.

McKenzie Hughes Computers Limited

Registered office: 1-2 Chambers Way, Newton Chambers Road, Thorncliffe Park, Chapeltown, Sheffield, England, S35 2PH

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

11. STOCKS

	Group		Company	
	31/12/19	31/12/18	31/12/19	31/12/18
	£	£	£	£
Stock held for resale	80,086	77,760	-	50
Stock held for leasing	5,057,781	4,890,121	5,057,781	4,890,121
	<u>5,137,867</u>	<u>4,967,881</u>	<u>5,057,781</u>	<u>4,890,171</u>

CSI Leasing UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

12. DEBTORS

	Group		Company	
	31/12/19	31/12/18	31/12/19	31/12/18
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	648,147	691,693	225,311	22,887
Amounts owed by group undertakings	15,243	4,450	8,122	-
Amounts receivable in respect of				
finance leases	11,435,901	6,653,058	11,410,262	6,643,318
Other lease receivables	130,179	2,027,940	130,179	2,027,940
Other debtors	557,801	629,662	557,801	624,522
Deferred tax asset	60,546	135,627	94,221	149,031
Prepayments	124,300	97,544	45,842	34,676
	<u>12,972,117</u>	<u>10,239,974</u>	<u>12,471,738</u>	<u>9,502,374</u>
Amounts falling due after more than one year:				
Amounts receivable in respect of				
finance leases	15,504,574	10,041,637	15,482,937	10,039,806
Other lease receivables	25,237	46,128	25,237	46,128
Other debtors	13,200	13,200	-	-
Residual value guarantee	18,397	-	18,397	-
	<u>15,561,408</u>	<u>10,100,965</u>	<u>15,526,571</u>	<u>10,085,934</u>
Aggregate amounts	<u>28,533,525</u>	<u>20,340,939</u>	<u>27,998,309</u>	<u>19,588,308</u>
Deferred tax asset				
	Group		Company	
	31/12/19	31/12/18	31/12/19	31/12/18
	£	£	£	£
Accelerated capital allowances	(78,587)	(47,248)	(44,912)	(33,844)
Timing differences in recognition of leasing revenue and expenses	139,133	182,875	139,133	182,875
	<u>60,546</u>	<u>135,627</u>	<u>94,221</u>	<u>149,031</u>

CSI Leasing UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31/12/19	31/12/18	31/12/19	31/12/18
	£	£	£	£
Other loans (see note 15)	17,593,126	14,489,703	17,593,126	14,489,703
Trade creditors	4,991,475	3,678,965	4,584,503	3,089,128
Amounts owed to group undertakings	1,015,028	1,971,462	4,065,050	3,876,902
Tax	288,474	205,973	70,128	106,491
Social security and other taxes	83,997	99,958	49,384	63,727
VAT	783,368	377,782	585,898	306,949
Other creditors	126,382	52,283	-	-
Deferred consideration	500,000	500,000	500,000	500,000
Accrued expenses	1,294,251	818,545	986,870	705,186
	<u>26,676,101</u>	<u>22,194,671</u>	<u>28,434,959</u>	<u>23,138,086</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31/12/19	31/12/18	31/12/19	31/12/18
	£	£	£	£
Other loans (see note 15)	18,325,539	13,703,694	18,325,539	13,703,694
Deferred consideration 2-5 years	2,513,109	2,700,000	2,513,109	2,700,000
Residual value guarantee	742,687	-	742,687	-
	<u>21,581,335</u>	<u>16,403,694</u>	<u>21,581,335</u>	<u>16,403,694</u>

CSI Leasing UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31/12/19	31/12/18	31/12/19	31/12/18
	£	£	£	£
Amounts falling due within one year or on demand:				
Non-recourse loans	17,590,925	14,462,635	17,590,925	14,462,635
Recourse loans	2,201	27,068	2,201	27,068
	<u>17,593,126</u>	<u>14,489,703</u>	<u>17,593,126</u>	<u>14,489,703</u>
Amounts falling due between one and two years:				
Non-recourse loans 1-2 years	11,086,829	9,639,378	11,086,829	9,639,378
Recourse loans 1-2 years	-	2,201	-	2,201
	<u>11,086,829</u>	<u>9,641,579</u>	<u>11,086,829</u>	<u>9,641,579</u>
Amounts falling due between two and five years:				
Non-recourse loans 2-5 years	<u>7,189,599</u>	<u>4,062,115</u>	<u>7,189,599</u>	<u>4,062,115</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Non-recourse loans > 5 years	<u>49,111</u>	<u>-</u>	<u>49,111</u>	<u>-</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	31/12/19	31/12/18
	£	£
Within one year	146,421	149,703
Between one and five years	<u>197,772</u>	<u>344,192</u>
	<u>344,193</u>	<u>493,895</u>

CSI Leasing UK Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	31/12/19	31/12/18	31/12/19	31/12/18
	£	£	£	£
Non-recourse loans	35,916,464	28,164,128	35,916,464	28,164,128
Recourse loans	2,201	29,269	2,201	29,269
	<u>35,918,665</u>	<u>28,193,397</u>	<u>35,918,665</u>	<u>28,193,397</u>

The non-recourse loans are provided to CSI Leasing UK Limited against the securitised payment stream of the individual leases, together with a charge on the underlying equipment subject to the individual leases. Title to the equipment remains with CSI Leasing UK Limited as lessor. The loans are advanced to the company on a non-recourse basis such that any financial failure of the ultimate lessee is without liability or recourse to the company as lessor.

The recourse loans are provided to CSI Leasing UK Limited against the securitised payment stream of the individual leases, together with a charge on the underlying equipment subject to the individual leases. Title to the equipment remains with CSI Leasing UK Limited as lessor. The loans are advanced to the company on a recourse basis such that the company will still be obligated to repay the loans in the event of any financial failure of the ultimate lessee.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31/12/19	31/12/18
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

19. RESERVES

Group	Retained earnings	Capital contribution	Totals
	£	£	£
At 1 January 2019	11,811,843	1,863,676	13,675,519
Profit for the year	<u>1,649,625</u>	<u>-</u>	<u>1,649,625</u>
At 31 December 2019	<u>13,461,468</u>	<u>1,863,676</u>	<u>15,325,144</u>

CSI Leasing UK Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

19. RESERVES - continued

Company

	Retained earnings £	Capital contribution £	Totals £
At 1 January 2019	10,297,565	1,863,676	12,161,241
Profit for the year	1,169,904	-	1,169,904
At 31 December 2019	<u>11,467,469</u>	<u>1,863,676</u>	<u>13,331,145</u>

Retained earnings represents all current and prior period retained profits and losses.

The capital contribution was made to CSI Leasing UK Limited by its immediate parent, CSI Leasing Inc, without any obligation to repay it. The reserve is a distributable reserve.

20. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Tokyo Century Corporation (incorporated in Japan) is regarded by the directors as being the company's ultimate parent company.

The company's immediate parent is CSI Leasing Inc (incorporated in USA), and represents the smallest group for which group accounts are drawn up and of which the company is a member.

The most senior parent entity producing publicly available financial statements is Tokyo Century Corporation. These financial statements are available upon request from FUJISOFI Building, 3 Kanda-neribeicho, Chiyoda-ku, Tokyo, 101-0022, Japan.

Tokyo Century Corporation itself does not have a single controlling party, and is therefore considered by the directors to be the ultimate controlling party of CSI Leasing UK Limited.

21. RELATED PARTY DISCLOSURES

During the year, a total of key management personnel compensation of £638,185 (2018 - £733,382) was paid.

The company considers that its key management personnel are the directors. Further details in respect of directors' remuneration are disclosed in Note 3.

CSI Leasing UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019

22. **FINANCE LEASES - LESSOR**

Group

The amount of the net investment in a finance lease is determined as shown in the following table:

	31 December 2019	31 December 2018
Minimum lease payments	26,940,342	16,501,301
Unguaranteed residual value	2,297,816	1,923,907
Gross investment	29,238,158	18,425,208
Unearned finance income	(2,297,682)	(1,730,514)
Net investment (present value of minimum lease payments)	26,940,476	16,694,694

The gross investment amount and the present value of payable minimum lease payments are shown in the following table:

	31 December 2019		31 December 2018	
	Gross investment in lease	Present value of minimum lease payments	Gross investment in lease	Present value of minimum lease payments
Maturity				
Not later than one year	12,802,827	11,435,902	7,785,223	6,653,057
Later than one year and not later than five years	16,435,331	15,504,574	10,639,985	10,041,637
	29,238,158	26,940,476	18,425,208	16,694,694

CSI Leasing UK Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2019**

Company

The amount of the net investment in a finance lease is determined as shown in the following table:

	31 December 2019 £	31 December 2018 £
Minimum lease payments	26,893,066	6,489,731
Unguaranteed residual value	2,297,816	1,923,907
Gross investment	29,190,882	18,413,638
Unearned finance income	(2,297,682)	(1,730,514)
Net investment (present value of minimum lease payments)	<u>26,893,200</u>	<u>16,683,124</u>

The gross investment amount and the present value of payable minimum lease payments are shown in the following table:

	31 December 2019		31 December 2018	
	Gross investment in lease	Present value of minimum lease payments	Gross investment in lease	Present value of minimum lease payments
Maturity				
Not later than one year	12,777,188	11,410,263	7,775,484	6,643,318
Later than one year and not later than five years	16,413,694	15,482,937	10,638,154	10,039,806
	<u>29,190,882</u>	<u>26,893,200</u>	<u>18,413,638</u>	<u>16,683,124</u>

23. OPERATING LEASES - LESSOR

Group and company

The total of future minimum lease payments is as follows:

	31 December 2019 £	31 December 2018 £
Not later than one year	10,719,957	8,464,494
Later than none year and not later than five years	6,539,390	7,308,256
Later than five years	-	-
	<u>17,259,347</u>	<u>15,772,750</u>

Total contingent rents recognised as income in the period are £nil (2018 - £nil).