

The Asset Exchange Ltd

Audited Report of the Directors and Financial Statements

For the year ended 31 December 2017

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The Asset Exchange Ltd
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The Asset Exchange Ltd
Company Information

| | |
|-------------------|--|
| Directors | Alan Tomlin Gareth Noonan P Knowles |
| Company Number | 08679485 |
| Registered Office | Unit 15 Alpha Centre 238 London Road Wickford Essex, SS12 0JX |

The Asset Exchange Ltd

Group Directors' Report 31 December 2017

The directors present their report and audited financial statements for the year ended 31 December 2017.

Principal activities

Principal activity of the Company during the financial year was of car finance and sales.

Directors

The directors who served the company throughout the year were as follows:

Alan Tomlin

Gareth Noonan

Going Concern

The Directors have considered the financial position of the Company and in particular the net current liability position at 31 December 2017. Since the year end the Group in which the Company is a subsidiary has secured additional facilities of £800,000 from existing lenders. In order to execute the Company's business plan and reach profitability it will require additional funding.

The going concern of the Company is dependent on obtaining additional finance in order to meet its' working capital needs for a period of not less than twelve months from the date of approval of these financial statements. This indicates the existence of material uncertainties which may cast significant doubt on the ability of the Company to continue as a going concern, and hence may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group is in advanced discussions and has agreed principal terms, subject to funding, with a new funding partner to provide sufficient funds to enable the Company to pay its debts and liabilities as they fall due for a period of at least 12 months from the date of this report.

Based on the progress made to date on the proposed financing and the Group's history of raising funds from various sources, the Directors are confident that they can fulfil the funding requirements of the Company and on this basis the Directors are satisfied that it is appropriate to prepare the financial statements of the Company on a going concern basis.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant material audit information of which the Company's auditor is unaware, and
- the director has taken all reasonable steps that ought to have been taken as a director in order to be aware of any relevant material audit information and to establish that the Company's auditor is aware of that information.

Statement of director's responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

The Asset Exchange Ltd
Group Directors' Report 31 December 2017

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

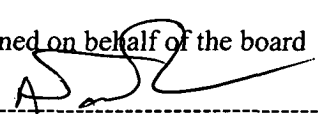
Qualifying third party indemnity provisions

At the date of approval of this report, a qualifying third party indemnity provision was in place, or had been in place during the year, for the benefit of all the directors.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Signed on behalf of the board



Alan Tomlin
Director

Date approved: 29TH JUNE 2018



Philip Knowles
Director

Independent Auditor's Report to the Members of The Asset Exchange Limited

Opinion

We have audited the financial statements of The Asset Exchange Limited (the 'Company') for the year ended 31 December 2017, which comprise the Profit and loss account, the Balance sheet and the related notes, 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Material uncertainty relating to going concern

We draw attention to the going concern note on page 9 of the financial statements which indicates the company's ability to continue as a going concern depends on the ability to raise further financing. This condition, along with the other matters explained in this note to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body. 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.

John Glasby
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

The Asset Exchange Ltd
Income Statement
For the year ended 31 December 2017

| | Notes | Year ended 31 December 2017 £ | Year ended 31 December 2016 (restated) £ |
|--|--------------|--|---|
| Turnover | 2 | 5,457,043 | 5,891,218 |
| Cost of Sales | | (4,200,085) | (4,568,783) |
| Gross profit | | 1,256,958 | 1,322,435 |
| Administrative expenses | | (899,871) | (1,300,880) |
| Operating Profit | 3 | 357,087 | 21,555 |
| Interest payable and similar charges | 4 | (374,330) | (555,414) |
| Loss on Ordinary Activities Before Taxation | | (17,243) | (533,859) |
| Tax on profit on ordinary activities | | - | - |
| Loss on ordinary activities after taxation | | (17,243) | (533,859) |

The Asset Exchange Ltd


Statement of Financial Position as at 31 December 2017

| | <u>Notes</u> | 31 December 2017 £ | 31 December 2016 (restated) £ |
|---|--------------|--------------------------|--|
| Fixed Assets | | | |
| Tangible assets | 5 | 324,060 | 539,601 |
| | | <u>324,060</u> | <u>539,601</u> |
| Current Assets | | | |
| Inventories | | - | 110,710 |
| Debtors: amounts falling due within one year | 6 | 1,777,592 | 1,923,015 |
| Debtors: amounts falling due after one year | | 3,858,702 | 3,326,195 |
| Cash at bank & in hand | | 44,469 | 100,370 |
| | | <u>5,680,763</u> | <u>5,460,290</u> |
| Creditors: amounts falling due within one year | 7 | <u>(5,928,869)</u> | <u>(5,643,893)</u> |
| Net current (liabilities) | | (248,106) | (183,603) |
| Total assets less current liabilities | | <u>75,954</u> | <u>355,998</u> |
| Creditors: amounts falling due after one year | 8 | <u>(74,115)</u> | <u>(336,916)</u> |
| Net assets | | <u><u>1,839</u></u> | <u><u>19,082</u></u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 6,200 | 6,200 |
| Share premium account | 9 | 594,000 | 594,000 |
| Profit & loss account | | <u>(598,361)</u> | <u>(581,118)</u> |
| Equity shareholders' funds | | <u><u>1,839</u></u> | <u><u>19,082</u></u> |

Director's Responsibilities:

These accounts have been prepared and delivered in accordance with the provisions applicable to Companies subject to the small Companies regime and in accordance with the provisions of FRS 102 section 1A – Small Entities.

The financial statements on pages 7 to 15 were approved by the board of directors and authorised for issue on 29TH JUNE 2018 and are signed on its behalf by:



Alan Tomlin
Director



Philip Knowles
Director

The Asset Exchange Ltd
Notes to the financial statements
For the year ended 31 December 2017

Statutory Information

The Asset Exchange Ltd is a private limited company, limited by shares, domiciled in England and Wales, registration number 08679485. The registered office is Unit 15, The Alpha Centre, 238 London Road, Wickford, Essex, SS12 0JX.

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

1. Accounting Policies

Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with the FRS 102 Financial Reporting Standard for Smaller Entities (effective January 2016).

Going Concern

The Directors have considered the financial position of the Company and in particular the net current liability position at 31 December 2017. Since the year end the Group in which the Company is a subsidiary has secured additional facilities of £800,000 from existing lenders. In order to execute the Company's business plan and reach profitability it will require additional funding.

The going concern of the Company is dependent on obtaining additional finance in order to meet its' working capital needs for a period of not less than twelve months from the date of approval of these financial statements. This indicates the existence of material uncertainties which may cast significant doubt on the ability of the Company to continue as a going concern, and hence may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group is in advanced discussions and has agreed principal terms, subject to funding, with a new funding partner to provide sufficient funds to enable the Company to pay its debts and liabilities as they fall due for a period of at least 12 months from the date of this report.

Based on the progress made to date on the proposed financing and the Group's history of raising funds from various sources, the Directors are confident that they can fulfil the funding requirements of the Company and on this basis the Directors are satisfied that it is appropriate to prepare the financial statements of the Company on a going concern basis.

Turnover

Turnover comprises income received under hire purchase contracts and for the sale of used motor vehicles and warranties.

Lease classification

Lease agreements are classified as finance leases if the lease agreements transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Company has no operating leases. When assets are leased under a finance lease, the net present value of the lease payments plus any guaranteed residual value payments, where applicable, is recognised as a receivable within Loans to customers. The difference between the gross receivable and the present value of the receivable is disclosed as unearned finance lease income.

Finance lease income

Finance lease income is recognised as received over the term of the lease using the net investment method so as to reflect a constant periodic rate of return on the Company's net investment in the lease. When calculating the effective rate of interest, the future cash flows are estimated after considering all the contractual terms of the agreement but not future credit losses. The calculation includes all amounts received or paid by the Company that are an integral part of the overall return such as acceptance fees.

The Asset Exchange Ltd
Notes to the financial statements
For the year ended 31 December 2017

Operating lease rentals

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less the estimated residual value of each asset on a straight line basis over the assets expected useful lives, as follows:

| | |
|------------------------|-------------------|
| Furniture and fittings | 33% Straight Line |
| Computer Equipment | 33% Straight Line |
| Leasehold Improvements | 33% Straight Line |
| Motor Vehicles | 33% Straight Line |

Inventories

Inventories comprise stock of vehicles for sale and are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Investments

Long term investments are categorised as fixed assets. Fixed asset investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

Impairment

Loans to customers

At each balance sheet date, the Company assesses whether, as a result of one or more events occurring after initial recognition, there is objective evidence that a financial asset or group of financial assets has become impaired. Evidence of impairment may include indications that the customer or group of customers are experiencing significant financial difficulty, default or delinquency in interest or principal payments, with it becoming probable that the debt will need to be restructured or written off.

If there is objective evidence that an impairment loss has been incurred, a provision is established which is calculated as the difference between the balance sheet carrying value of the asset and the present value of estimated future cash flows discounted at the original effective interest rate of that asset. The calculation of the present value of the estimated future cash flows of a collateralised asset or group of assets reflects the cash flows that may result from foreclosure less the costs of obtaining and selling the collateral.

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

The Asset Exchange Ltd
Notes to the financial statements
For the year ended 31 December 2017

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Provision for write down of hire purchase receivables – Prior year adjustment

The accounts have been restated to incorporate the impact of a change in accounting policy in relation to the provision for doubtful debts. The change has resulted in a reduction in the valuation of hire purchase receivables and an increase in cost of sales at 31 December 2016 of £27,165.

2. Turnover

The turnover and loss before tax of the company for the year has been derived from its principal activities wholly undertaken in the United Kingdom.

| | 2017 | 2016 (restated) |
|-----------------------------------|------------------|--------------------|
| | £ | £ |
| Vehicle Finance Interest and Fees | 1,555,143 | 1,133,449 |
| Car Sales | 3,737,062 | 4,673,636 |
| Warranty Fee Income | 164,838 | 77,691 |
| Other income | - | 6,442 |
| | <u>5,457,043</u> | <u>5,891,218</u> |

3. Operating profit

The operating profit is stated after charging:

| | 2017 | 2016 (restated) |
|----------------------------------|--------------|--------------------|
| | £ | £ |
| Depreciation of tangible assets | 212,522 | 95,269 |
| Loss on disposal of fixed assets | 1,319 | - |
| Operating Lease | <u>9,051</u> | <u>9,712</u> |

4. Interest payable and similar charges

| | 2017 | 2016 (restated) |
|-------------------|----------------|--------------------|
| | £ | £ |
| Interest on loans | <u>374,330</u> | <u>555,414</u> |

The Asset Exchange Ltd
Notes to the financial statements
For the year ended 31 December 2017

5. Tangible Fixed Assets

| | Furniture & Fittings & Equipment | Motor Vehicles | Leasehold Improvements | Computer Software | Total |
|------------------------|---|---------------------------|-----------------------------------|------------------------------|--------------|
| Group | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 January 2016 | 8,589 | 10,050 | 25,902 | 240,000 | 284,541 |
| Additions | 4,899 | - | - | 360,000 | 364,899 |
| At 31 December 2016 | 13,488 | 10,050 | 25,902 | 600,000 | 649,440 |
| Disposals | - | (7,350) | - | - | (7,350) |
| At 31 December 2017 | 13,488 | 2,700 | 25,902 | 600,000 | 642,090 |
| Depreciation | | | | | |
| At 1 January 2016 | 1,994 | 788 | 1,788 | 10,000 | 14,570 |
| Charge for the year | 3,349 | 3,316 | 8,604 | 80,000 | 95,269 |
| At 31 December 2016 | 5,343 | 4,104 | 10,392 | 90,000 | 109,839 |
| Charge for the year | 3,625 | 2,306 | 8,591 | 198,000 | 212,522 |
| On disposals | - | (4,331) | - | - | (4,331) |
| At 31 December 2017 | 8,968 | 2,079 | 18,983 | 288,000 | 318,030 |
| Net Book Amount | | | | | |
| At 31 December 2017 | 4,520 | 621 | 6,919 | 312,000 | 324,060 |
| At 31 December 2016 | 8,845 | 5,946 | 15,510 | 510,000 | 539,601 |

6. Debtors

| | 31 December 2017 | 31 December 2016 (restated) |
|---|-----------------------------|--|
| <u>Amounts falling due within one year</u> | £ | £ |
| Trade and other receivables – within one year | 1,616,889 | 1,509,919 |
| Amounts Owed by Group Undertakings | 25,927 | 310,694 |
| Prepayments and accrued income | 116,155 | 89,362 |
| Other debtors | 18,621 | 13,040 |
| | <u>1,777,592</u> | <u>1,923,015</u> |
| | | |
| | 31 December 2017 | 31 December 2016 (restated) |
| <u>Amounts falling due after one year</u> | £ | £ |
| Trade and other receivables – after one year | <u>3,858,702</u> | <u>3,326,195</u> |

The Asset Exchange Ltd
Notes to the financial statements
For the year ended 31 December 2017

7. Creditors – amounts falling within one year

| | 31 December 2017 | 31 December 2016 (restated) |
|-------------------------------------|---------------------|-----------------------------------|
| | £ | £ |
| Trade creditors | 59,022 | 224,830 |
| Other taxes & social security costs | 34,610 | 39,851 |
| Amounts owed to Group undertakings | 4,418,439 | - |
| Other loans - secured | 326,849 | 4,351,821 |
| Other loans - unsecured | 625,952 | 570,858 |
| Other creditors | 101 | 104 |
| Accrued expenses | 463,896 | 456,429 |
| | <u>5,928,869</u> | <u>5,643,893</u> |

Secured loans are secured against certain vehicles included in inventories and certain hire purchase agreements included in trade and other receivables of the Group, and a Debenture over the remaining assets of the Group.

8. Creditors – amounts falling after one year

| | 31 December 2017 | 31 December 2016 (restated) |
|-------------------------|---------------------|-----------------------------------|
| | £ | £ |
| Other loans - secured | 74,115 | 329,879 |
| Other loans - unsecured | - | 7,037 |
| | <u>74,115</u> | <u>336,916</u> |

Secured loans are secured against certain vehicles included in inventories and certain hire purchase agreements included in trade and other receivables of the Group, and a Debenture over the remaining assets of the Group.

9. Share capital

| | December 2017 | 31 December 2016 (restated) |
|---|------------------|-----------------------------------|
| | £ | £ |
| Allotted, called up and fully paid: Ordinary Shares of £1 each | <u>6,200</u> | <u>6,200</u> |
| Share Premium | <u>594,000</u> | <u>594,000</u> |

The Asset Exchange Ltd
Notes to the financial statements
For the year ended 31 December 2017

10. Related Party

The company has taken advantage of the exemption available in FRS 102 not to disclose related party transactions and balances with group entities.

11. Ultimate Parent Company

The immediate and ultimate parent company is Asset Exchange Holdings Limited, a company registered in England and Wales whose registered address is Unit 15 Alpha Centre, 238 London Road, Wickford, Essex, SS12 0JX. Control passed to Asset Exchange Holdings Limited from The Asset Exchange Ltd by virtue of a share for share exchange on 23rd December 2016.

12. Average number of employees

During the year the average number of employees was 34 (Proforma 2016: 32).

13. Operating Lease Commitments

At the reporting date the Group had outstanding commitments for future minimum lease payments, which fall as follows:

| | 31 December 2017 | 31 December 2016 (restated) |
|----------------------------|-----------------------------|--|
| | £ | £ |
| Within one year | 64,925 | 108,614 |
| Between two and five years | - | 64,925 |
| | <u>64,925</u> | <u>173,539</u> |

The Asset Exchange Ltd
Notes to the financial statements
For the year ended 31 December 2017

14. Finance Leases as Lessor

| | 2017: Gross Investment £ | 2017: Present Value of minimum lease payments £ | 2016: Gross Investment (restated) £ | 2016: Present Value of minimum lease payments (restated) £ |
|---------------------|---|--|--|---|
| Within one year | 3,712,671 | 1,616,889 | 2,483,591 | 1,509,919 |
| Within 1 to 5 years | 6,030,880 | 3,858,702 | 6,144,714 | 3,326,195 |
| | <u>9,743,551</u> | <u>5,475,591</u> | <u>8,628,305</u> | <u>4,863,114</u> |

Reconciliation of minimum lease payments to net investment

The lease payments made by the lessees are split into their capital component and their interest component. The interest component of the payment is recognised in profit and loss as finance income. The amount of the net investment in a finance lease is determined as follows:

| | 2017 £ | 2016 (restated) £ |
|--|--------------------|----------------------------------|
| Minimum lease payments | 9,743,551 | 8,628,305 |
| Unguaranteed residual value | - | - |
| Gross investment | <u>9,743,551</u> | <u>8,628,305</u> |
| Unearned finance income | <u>(4,267,960)</u> | <u>(3,792,191)</u> |
| Net investment (present value of minimum lease payments) | <u>5,475,591</u> | <u>4,836,114</u> |