Praetura Asset Finance (Holdings) Limited

Annual report and consolidated financial statements

Registered number 08763412

31 December 2016

Contents

Company Information

Directors	Michael J Fletcher David C Foreman Michael C Hartley Peadar J O'Reilly Stephen N Sealey Michael I Dalzell (Appointed 18 October 2016)
Company Secretary	Daryl L Johnson
Company Number	08763412
Registered Office	Giants Basin Potato Wharf Manchester M3 4NB
Auditors	KPMG LLP Chartered Accountants & statutory Auditor One St Peter's Square Manchester M2 3AE

Directors' report

For the year ended 31 December 2016

The directors present their report and the financial statements for the Year Ended 31 December 2016.

Principal activities

The principal activities of the company in the year ender review were those of asset finance.

Results and dividends

The loss for the year before taxation, amounted to £300,645 (2015: £1,847,891).

Dividends

The directors have not proposed payment of a dividend in the year *(2015: £nil)*.

Directors

The directors who served during the year were:

Michael J Fletcher
David C Foreman
Michael C Hartley
Peadar J O'Reilly
Stephen N Sealey
Michael I Dalzell (Appointed 18 October 2016)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company and the group'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 and the group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

During the year, KPMG LLP were appointed as auditor pursuant to Section 485 of the Companies Act 2006.

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

This report was approved by the board on 30 June 2017 and signed on its behalf.

David C Foreman
Director

Giants Basin
Potato Wharf
Manchester
M3 4NB

Statement of directors' responsibilities in respect of the Annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

KPMG

Independent Auditor's report to the members of Praetura Asset Finance (Holdings) Limited

We have audited the financial statements of Praetura Asset Finance (Holdings) Limited for the year ended 31 December 2016 set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

KPMG

Independent Auditor's report to the members of Praetura Asset Finance (Holdings) Limited *(continued)*

Matters on which we are required to report by exception

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

A Simpson

Alexander Simpson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St Peter's Square
Manchester
M2 3AE

30 June 2017

Consolidated Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2016

	Note	2016 £	2015 £
Interest receivable and similar income	3	5,738,540	4,214,365
Interest payable and similar expenses		(3,193,158)	(3,078,664)
Gross profit		2,545,382	1,135,701
Administrative expenses	*4,5,6*	(2,846,273)	(2,983,645)
Operating loss		(300,891)	(1,847,944)
Interest receivable and similar income	*7*	246	53
Loss before tax		(300,645)	(1,847,891)
Tax on loss	*8*	-	(13,602)
Loss after tax		(300,645)	(1,861,493)

There were £nil recognised gains and losses for 2016 (2015: £nil) other than those included in the profit and loss account.

The notes on pages 12 to 24 form part of these financial statements.

Consolidated Balance Sheet

at 31 December 2016

	Note	2016		2015	
		£	£	£	£
Fixed assets					
Intangible assets	*10*		324,320		366,262
Tangible assets	*11*		49,634		24,850
			373,954		391,112
Current assets					
Debtors (including £26,203,279 *(2015: £19,580,090)* due after more than one year)	*13*	41,630,199		34,904,174	
Cash at bank and in hand		1,009,212		972,233	
		42,639,411		35,876,407	
Creditors: amounts falling due within one year	*15*	(14,170,598)		(12,516,327)	
Net current assets			28,468,813		23,360,080
Total assets less current liabilities			28,842,767		23,751,192
Creditors: amounts falling due after more than one year	*16*		(31,624,627)		(26,232,415)
Net liabilities			(2,781,860)		(2,481,223)
Capital and reserves					
Called up share capital	*17*		93		85
Share premium			1,300,915		1,300,915
Profit and loss account			(4,082,868)		(3,782,223)
Shareholders' deficit			(2,781,860)		(2,481,223)

The notes on pages 12 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on 30 June 2017 and were signed on its behalf by:

David C Foreman
Director

Company registered number: 08763412

Company Balance Sheet

at 31 December 2016

	Note	2016		2015	
		£	£	£	£
Fixed assets					
Investments	*12*		3		3
			3		3
Current assets					
Debtors	*13*	1,301,008		1,301,000	
		1,301,008		1,301,000	
Creditors: amounts falling due within one year	*15*	(3)		(3)	
Net current assets			1,301,005		1,300,997
Total assets less current liabilities			1,301,008		1,301,000
Net assets			1,301,008		1,301,000
Capital and reserves					
Called up share capital	*17*		93		85
Share premium			1,300,915		1,300,915
Profit and loss account			-		-
Shareholders' deficit			1,301,008		1,301,000

The notes on pages 12 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on 30 June 2017 and were signed on its behalf by:

David C Foreman
Director

Company registered number: 08763412

Consolidated Statement of Changes in Equity

	Called up Share capital £	Share premium £	Profit and loss account £	Total equity £
Balance at 1 January 2015	76	655,074	(1,920,730)	(1,265,580)
Total comprehensive income for the period				
Loss for the year	-	-	(1,861,493)	(1,861,493)
Total comprehensive income for the period	-	-	(1,861,493)	(1,861,493)
Transactions with owners, recorded directly in equity				
Issue of shares	9	645,841	-	645,850
Total contributions by and distributions to owners	9	645,841	-	645,850
Balance at 31 December 2015	85	1,300,915	(3,782,223)	(2,481,223)

	Called up Share capital £	Share premium £	Profit and loss account £	Total equity £
Balance at 1 January 2016	85	1,300,915	(3,782,223)	(2,481,223)
Total comprehensive income for the period				
Loss for the year	-	-	(300,645)	(300,645)
Total comprehensive income for the period	-	-	(300,645)	(300,645)
Transactions with owners, recorded directly in equity				
Issue of shares	8	-	-	8
Total contributions by and distributions to owners	8	-	-	8
Balance at 31 December 2016	93	1,300,915	(4,082,868)	(2,781,860)

The notes on pages 12 to 24 form part of these financial statements.

Company Statement of Changes in Equity

	Called up Share capital £	Share premium £	Profit and loss account £	Total equity £
Balance at 1 January 2015	76	655,074	-	655,150
Total comprehensive income for the period				
Profit for the year	-	-	-	-
Total comprehensive income for the period	-	-	-	
Transactions with owners, recorded directly in equity				
Issue of shares	9	645,841	-	645,850
Total contributions by and distributions to owners	9	645,841	-	645,850
Balance at 31 December 2015	**85**	**1,300,915**	**-**	**1,301,000**

	Called up Share capital £	Share premium £	Profit and loss account £	Total equity £
Balance at 1 January 2016	85	1,300,915	-	1,301,000
Total comprehensive income for the period				
Profit for the year	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Transactions with owners, recorded directly in equity				
Issue of shares	8	-	-	8
Total contributions by and distributions to owners	8	-	-	8
Balance at 31 December 2016	**93**	**1,300,915**	**-**	**1,301,008**

The notes on pages 12 to 24 form part of these financial statements.

Consolidated Cash Flow Statement
for year ended 31 December 2016

	Note	2016	2015
		£	£
Cash flows from operating activities			
Loss for the year		(300,891)	(1,861,493)
Adjustments for:			
Depreciation, amortisation and impairment		54,456	43,429
Interest receivable and similar income		-	(53)
Taxation		-	-
Increase in debtors		(6,726,025)	(13,994,171)
Increase in creditors		141,096	9,385,045
Tax paid		-	15,182
Net cash from operating activities		(6,831,364)	(6,412,061)
Cash flows from investing activities			
Acquisition of intangible fixed assets	*10*	-	(52,174)
Acquisition of tangible fixed assets	*11*	(37,298)	(2,770)
Interest received	*7*	246	53
Purchase of subsidiary undertakings	*12*	-	-
Net cash from investing activities		(37,052)	(54,891)
Cash flows from financing activities			
Proceeds from the issue of share capital	*17*	8	645,850
Financing	*15,16*	6,905,387	6,565,968
Net cash from financing activities		6,905,395	7,211,818
Net increase in cash and cash equivalents		36,979	744,866
Cash and cash equivalents at 1 January		972,233	227,367
Cash and cash equivalents at 31 December		1,009,212	972,233

Notes

(forming part of the financial statements)

1 Accounting policies

1.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 Going concern

Going concern has been assessed as part of the Praetura Asset Finance group (PAF). The group commenced trading on 6th January 2014. In order to fulfil aspirations of growth, PAF has recruited an experienced sales and management team and an industry leading software system in order to facilitate this growth. The investment in infrastructure resulted in the business being loss making in the current and prior periods, which is in line with management expectations and forecasts. PAF has incurred costs during the current and prior periods to set up funding facilities. Going forwards, PAF forecast a reduction in investment in infrastructure.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. As a result, the company continue to adopt the going concern basis in preparing the financial statements.

1.4 Intangible assets

Goodwill
Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life.

Other intangible assets
Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the following basis:

- Goodwill 10% straight line
- Software 10% straight line

1 Accounting policies *(continued)*

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

- Fixtures and fittings 50% straight line
- Computer equipment 20% - 50% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Income and Retained Earnings.

1.6 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. The cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

1.7 Debtors

Debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 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, loans to related parties and investments in non-puttable ordinary shares.

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 payables or receivables, 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 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.

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 Profit and loss account.

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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.

1.12 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

1 Accounting policies *(continued)*

1.11 Taxation *(continued)*

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.12 Leases

When assets are held under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is included in net interest income and is recognised over the term of the lease reflecting a constant periodic rate of return on the net investment in the lease.

Interest income and expense are recognised in the profit and loss account for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset of a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows, considering all contractual terms of the financial instrument (for example, prepayment options), but does not consider future credit losses. The calculation includes all fees and points, paid or received, between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset, or group of similar financial assets, has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purposes of measuring the impairment loss. When the Company revises its estimates of payments or receipts on a financial instrument measured at amortised cost, the carrying amount of the financial instrument (or group of financial instruments) is adjusted to reflect actual and revised estimated cash flows. The Company recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognised in profit or loss as income or expense.

1.13 Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset, or a group of financial assets, is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ('a loss event') and that loss event (or events) has an impact on estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset, or group of assets, is impaired includes observable data that comes to the attention of the Company about the following loss events:
- delinquency in contractual payments of principal or interest;
- cash flow difficulties;
- breach of loan covenants or conditions; and
- initiation of bankruptcy proceedings.

Notes *(continued)*

2 Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

In the application of the accounting policies management 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 historic experience and other factors that are considered to be relevant and are reviewed on an on-going basis.

Management have considered the key assumptions used to estimate the company's assets and liabilities as at the balance sheet date, and believe these assumptions to be entirely appropriate. The estimates and judgements most likely to have a significant effect are in the following areas:

Impairment loss provisions

Impairment provisions are made in respect of agreements where a loss event has occurred. The impairment provisions are deducted from the net investment in finance agreements. Management review agreements individually and an assessment of the recoverability of the balance is made based upon management's experience and knowledge of the customer and asset. The charge in the statement of income comprises write offs, recoveries and the movement in the impairment provision in the period.

3 Analysing turnover

The whole of the turnover is attributable to the principal activity of the company and all relates to the leasing of goods.

4 Expenses and auditors' remuneration

Included in profit/loss are the following:

	2016 £	2015 £
Depreciation of tangible assets	12,514	21,966
Amortisation of intangible assets	41,942	21,463
Defined contribution pension cost	94,616	67,462

Auditor's remuneration:

	2016 £	2015 £
Audit of these financial statements	37,500	26,000
Amounts receivable by the group's auditor and its associates in respect of:		
Taxation compliance services	14,000	6,806
Other tax advisory services	4,000	1,944

During the year, the company has appointed KPMG LLP as auditor. Prior year audit and taxation fees relate to Grant Thornton

Notes *(continued)*

5 Staff numbers and costs

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

	Number of employees	
	2016	2015
Administration	19	15

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£	£
Wages and salaries	1,021,846	917,861
Social security costs	124,995	105,737
Contributions to defined contribution plans	94,616	67,462
	1,241,457	1,091,060

6 Directors' remuneration

	2016	2015 *(Re-stated)*
	£	£
Directors' remuneration	134,930	99,000
Company contributions to money purchase pension plans	20,376	18,000

7 Interest receivable

	2016	2015
	£	£
Other interest receivable	247	53

Notes *(continued)*

8 Taxation

Total tax expense recognised in the profit and loss account

	2016	2015
	£	£
Current tax		
Current tax on income for the period	-	-
Adjustments in respect of previous periods		(15,182)
Total current tax	-	(15,182)
Deferred tax		
Deferred tax unrecognised	-	28,784
Total deferred tax	-	28,784
Total tax	-	13,602

Reconciliation of effective tax rate

The tax assessed for the year is higher (2015: higher) the standard rate of corporation tax in the UK of 20% (2015: 20%). The difference is explained below:

	2016	2015
	£	£
Loss before tax	(300,645)	(1,847,891)
Current tax using the UK corporation tax rate of 20% (2015: 20.25%)	(60,129)	(369,578)
Fixed asset differences	-	(1,099)
Expenses not deductible for tax purposes	(6,922)	2,478
Adjustments to tax charge in respect of prior periods	-	(15,182)
Adjustments to tax charge in respect of previous periods – deferred tax	-	(4,111)
Tax rate changes	48,548	75,228
Deferred tax not recognised	18,503	325,866
Total tax expense included in profit or loss	-	13,602

A reduction in the UK Corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly.

Notes *(continued)*

9 Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £Nil (2015: £Nil).

10 Intangible assets

Group	Software £	Goodwill £	Total £
Cost			
Balance at 1 January 2016	243,119	161,809	404,928
Additions	-	-	-
Balance at 31 December 2016	243,119	161,809	404,928
Amortisation			
Balance at 1 January 2016	22,485	16,181	38,666
Amortisation for the year	25,761	16,181	41,942
Balance at 31 December 2016	48,246	32,362	80,608
Net book value			
At 1 January 2016	220,634	145,628	366,262
At 31 December 2016	194,873	129,447	324,320

11 Tangible fixed assets

Group	Fixtures & fittings £	Computer equipment £	Total £
Cost			
Balance at 1 January 2016	29,062	48,134	77,196
Additions	10,270	28,053	38,323
Disposals	-	(1,025)	(1,025)
Balance at 31 December 2016	39,332	75,162	114,494
Depreciation			
Balance at 1 January 2016	29,062	23,284	52,346
Depreciation charge for the year	2,807	9,707	12,514
Balance at 31 December 2016	31,869	32,991	64,860
Net book value			
At 1 January 2016	-	24,850	24,850
At 31 December 2016	7,463	42,171	49,634

Notes *(continued)*

12 Fixed asset investments

	Investments in subsidiary companies £
Cost	
Balance at 1 January 2016	3
Balance at 31 December 2016	3
Net book value	
At 1 January 2016	3
At 31 December 2016	3

The Company has the following investments in subsidiaries:

	Aggregate of capital and reserves	Profit for the year	Class of shares held	Ownership
	£	£		%
Praetura Asset Finance Limited	(30,681)	-	Ordinary	100

The principal activity of Praetura Asset Finance Limited is that of Asset finance and is incorporated in England & Wales with a registered address of Giants Basin, Potato Wharf, Manchester, M3 4NB.

13 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
Net investment in finance leases (see note 14)	40,413,236	33,349,531	-	-
Amounts owed by group undertakings	-	-	1,299,920	1,301,000
Other debtors	756,588	706,208	1,088	-
Prepayments and accrued income	460,375	848,435	-	-
	41,630,199	34,904,174	**1,301,008**	1,301,000
Due within one year	15,426,920	15,324,084	1,301,008	1,301,000
Due after more than one year	26,203,279	19,580,090	-	-
	41,630,199	34,904,174	**1,301,008**	1,301,000

Debtors include net investment in finance leases of £25,453,279 (2015: £19,080,090) and other debtors of £750,000 (2015: £500,000) due after more than one year.

Notes *(continued)*

13 Debtors *(continued)*

An impairment provision of £351,784 (2015: £394,515) was recognised against net investment in finance leases. The following table shows the movement in the impairment provision:

	Group 2016 £	Group 2015 £
At 1 January	394,515	189,077
(Credit)/charge to the P & L	(42,731)	205,438
At 31 December	351,784	394,515

14 Loans and advances to customers

	2016 £	2015 £
Finance leases and hire purchase receivables	40,765,020	33,744,046
Less: Allowance for impairment charges on loans and advances to customers	(351,784)	(394,515)
Loans and advances to customers	40,413,236	33,349,531

Loans and advances to customers include finance leases and hire purchase receivables, which are analysed as below:

	2016 £	2015 £
Gross investment in finance leases		
Less than one year	19,330,428	17,697,190
Between one and five years	29,447,036	22,973,972
More than five years	-	-
	48,777,464	40,671,162
Less: Allowance for impairment charges on loans and advances to customers	(351,784)	(394,515)
Unearned future finance income on finance leases	(8,012,444)	(6,927,116)
Net investment in finance leases	40,413,236	33,349,531

	2016 £	2015 £
Net investment in finance leases		
Less than one year	14,959,957	13,874,926
Between one and five years	25,453,279	19,474,605
More than five years	-	-
Net investment in finance leases	40,413,236	33,349,531

Notes *(continued)*

15 Creditors: amounts falling within one year

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans	12,973,056	11,459,881	-	-
Trade creditors	29,338	97,323	-	-
Taxation and social security	210,770	32,761	-	-
Accruals and deferred income	893,049	926,362	3	3
Other creditors	64,385	-	-	-
	14,170,598	12,516,327	3	3

16 Creditors: Amounts falling due after one year

Group	2016 £	2015 £
Bank loans	19,974,127	14,581,915
Fixed rate secured loan notes	11,650,500	11,650,500
	31,624,627	26,232,415

Secured loans

The 10% fixed rate secured loan notes are secured by the way of a fixed and floating charge over the company's assets or undertaking, entitled by P J O'Reilly, M Fletcher, and S Sealey.

17 Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
3,850 A Ordinary shares of £0.01 each	39	39
2,214 *(2015: 2,089)* B1 ordinary shares of £0.01 each	22	21
375 *(2015: nil)* B2 Ordinary shares	4	-
1,800 C1 Ordinary shares of £0.01 each	18	18
720 C2 Ordinary shares of £0.01 each	7	7
300 *(2015: nil)* C3 Ordinary shares of £0.01 each	3	-
	93	85

18 Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £94,616 (2015: £67,462).

Notes *(continued)*

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016	2015
	£	£
Less than one year	22,800	22,800
Between one and five years	17,100	39,900
More than five years	-	-
	39,900	62,700

During the year £22,800 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £22,800).

20 Contingent liabilities

The company had no contingent liabilities at 31 December 2016 (2015: £Nil).

21 Risk

Credit risk

Credit risk is the risk of loss resulting from a counterparty being unable to meet its contractual obligations to the Company in respect of a financial instrument. Credit risk arises primarily from the Company's exposure to losses from loans and advances to customers that default on their repayments in excess of the collateral held within the underlying asset(s).

Praetura Asset Finance Group Credit policy document sets out the fundamental credit principles within which the Company operates.

The quality of all lending is monitored and measured using loan to value ("LTV") calculations and ongoing monitoring and discussions with the customers, brokers and industry experts.

The LTV calculator uses an industry asset class and sub class matrix provided by professional valuers. It is updated annually to ensure that the latest industry recognised depreciation rates are used. If there are any material shifts in depreciation rates for an asset class or sub class during the year, these are communicated by the valuers and the matrix updated immediately. Each deal going through credit has an LTV report attached (depreciated values over time and a graph showing the reducing capital balance as well as the depreciating trade and retail valuations).

A robust arrears management process ensures that the impact of delinquent loans on the Company's performance is minimised.

The methodology for impairment provisioning is set out below:

All credit exposures are regularly reviewed for objective evidence of impairment. Where such evidence of impairment exists the exposures are collectively measured for an impairment provision. The criteria used to determine if there is objective evidence of impairment relates to an inability to recoup the principal balance and interest outstanding on the contract. Where objective evidence of impairment exists, as a result of one or more past events, the Company is required to estimate the recoverable amount of the exposure.

For financial reporting purposes, loans and advances to customers on the balance sheet that become impaired are written down to the estimated recoverable amount. The amount of this write down is taken as an impairment charge in the statement of income and retained earnings.

For the Company 100% of the balances are secured against the assets being financed.

Notes *(continued)*

Liquidity risk

Liquidity risk is the risk that the Company will experience difficulty in financing its assets and/or meeting contractual payment obligations as they fall due, or will only be able to do so at substantially above prevailing market cost of funds.

Liquidity risk arises from differences in timing between cash inflows and outflows. Cash inflows are driven by, among other things, the maturity structure of loans and advances to customers whilst cash outflows are primarily driven by loan and bank overdraft repayment obligations. Liquidity risk can increase due to unexpected lengthening of maturities and non-repayment of assets.

It is company policy to ensure that resources are available during all reasonably foreseeable circumstances to meet its obligations. Development, implementation and monitoring of this policy are the responsibility of the company.

Market risk

Market risk is the risk of loss in the company's income or net worth arising from an adverse change in interest rates, exchange rates, or other market prices. The company considers that the most significant aspect of market risk for the company is interest rate risk. The company is not exposed to currency risk as all financial assets and liabilities are denominated in sterling.

Interest rate risk arises primarily from the company's exposure to interest rate fluctuations whilst offering customer products which are at a fixed rate of interest. Exposure to interest rate risk is managed by the Company using fixed rate deposits and loans. As the company's fixed rate borrowings and receivables from customers are both carried at amortised cost, interest rate risk is eliminated since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

There would therefore be no effect on profit if interest rates were to change.

22 Financial assets and liabilities

The fair value of a financial instrument is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

All financial assets and liabilities recorded in the balance sheet are held at amortised cost.

It is considered that the carrying amount is a reasonable approximation of fair value for all financial assets and liabilities.

23 Related party transactions

The company has taken exemption under FRS 102 paragraph 33.1A 'Related Party Disclosures' not to disclose related party transactions with other group companies.

During the year Praetura Asset Finance Limited, advanced £5,500 (2015: £nil) to M C Hartley, no interest has been charged on the advance. At the year-end Praetura Asset Finance Limited was owed £5,500 (2015: £nil) from M C Hartley.