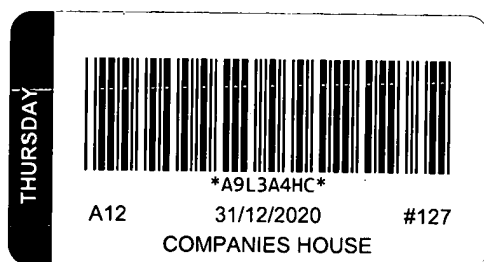


Registration number: 08763412

# Praetura Asset Finance (Holdings) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



## **Praetura Asset Finance (Holdings) Limited**

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## **Praetura Asset Finance (Holdings) Limited**

### **Company Information**

**Directors** Mr Daryl Lee Johnson  
Mr Michael Ian Dalzell  
Mr Jack Daniel Summers  
Mr Michael Christopher Hartley  
Mr Peadar James O'Reilly

**Company secretary** Mr Michael Walling

**Registered office** Ewood House  
Walker Park  
Guide  
Blackburn  
Lancashire  
BB1 2QE

**Auditors** KPMG LLP  
One St Peter's Square  
Manchester  
M2 3AE

## **Praetura Asset Finance (Holdings) Limited**

### **Directors' Report for the Year Ended 31 December 2019**

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

#### **Principal activity**

The principal activities of the company in the year under review were that of asset finance.

#### **Directors of the company**

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

Mr Daryl Lee Johnson

Mr Michael Ian Dalzell

Mr Stephen Neville Sealey (ceased 8 July 2019)

Mr Jack Daniel Summers

Mr Michael Christopher Hartley

Mr Peadar James O'Reilly

#### **Results**

The loss for the year before taxation, amounted to £794,304 (2018: £nil).

#### **Going concern**

To assess the Company's ability to continue as a going concern, the directors have considered both the position as at 31 December 2019 and the outlook for the Company.

In assessing the appropriateness to adopt the going concern basis of accounting, the directors have undertaken a review of the Company's liquidity requirements and stress tested financial forecasts through the modelling of several downside scenarios for a period beyond 12 months from the date of approval of these accounts. These forecasts have been subject to detailed assessment of the lending book and underlying collateral, overlaid with significant stress testing and have considered, amongst other factors, the potential impact that COVID-19 may have on the Company's cash flows. In all scenarios considered to be reasonable by the directors, the Company maintains sufficient liquidity to continue as a going concern. The directors are therefore of the opinion that it remains appropriate to prepare the financial statements on a going concern basis.

#### **Disclosure of information to the auditors**

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's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### **Reappointment of auditors**

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

#### **Small companies provision statement**

This report has been prepared in accordance with section 415A of the small companies regime under the Companies Act 2006.

**Praetura Asset Finance (Holdings) Limited**

**Directors' Report for the Year Ended 31 December 2019**

Approved by the Board on 24 December 2020 and signed on its behalf by:

*Peadar O'Reilly*

.....  
Mr Peadar James O'Reilly  
Director

## **Praetura Asset Finance (Holdings) Limited**

### **Statement of Directors' Responsibilities in respect of the annual report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Praetura Asset Finance (Holdings) Limited**

### **Independent Auditor's Report to the Members of Praetura Asset Finance (Holdings) Limited**

#### **Opinion**

We have audited the financial statements of Praetura Asset Finance (Holdings) Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Going concern**

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## **Praetura Asset Finance (Holdings) Limited**

### **Independent Auditor's Report to the Members of Praetura Asset Finance (Holdings) Limited**

#### **Directors' report**

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

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

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

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Praetura Asset Finance (Holdings) Limited**

**Independent Auditor's Report to the Members of Praetura Asset Finance  
(Holdings) Limited**

A handwritten signature in black ink, appearing to read 'A Simpson', with a large, stylized 'A' and a cursive '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

24 December 2020

**Praetura Asset Finance (Holdings) Limited**

**Profit and Loss Account for the Year Ended 31 December 2019**

	Note	2019 £	2018 £
Turnover		-	-
Cost of sales		<u>(794,304)</u>	<u>-</u>
<b>Gross loss</b>		<u>(794,304)</u>	<u>-</u>
<b>Operating loss</b>		<u>(794,304)</u>	<u>-</u>
<b>Loss before tax</b>		<u>(794,304)</u>	<u>-</u>
<b>Loss for the financial year</b>		<u>(794,304)</u>	<u>-</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 11 to 21 form an integral part of these financial statements.

**Praetura Asset Finance (Holdings) Limited**

**(Registration number: 08763412)  
Balance Sheet as at 31 December 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Investments	5	3	3
<b>Current assets</b>			
Debtors	6	9,747,085	7,499,626
Cash at bank and in hand		<u>1,163,788</u>	<u>-</u>
		10,910,873	7,499,626
<b>Creditors: Amounts falling due within one year</b>	8	<u>(205,554)</u>	<u>(3)</u>
<b>Net current assets</b>		<u>10,705,319</u>	<u>7,499,623</u>
<b>Total assets less current liabilities</b>		10,705,322	7,499,626
<b>Creditors: Amounts falling due after more than one year</b>	8	<u>(10,194,000)</u>	<u>(6,194,000)</u>
<b>Net assets</b>		<u><u>511,322</u></u>	<u><u>1,305,626</u></u>
<b>Capital and reserves</b>			
Called up share capital		93	93
Share premium reserve		1,305,533	1,305,533
Profit and loss account		<u>(794,304)</u>	<u>-</u>
<b>Total equity</b>		<u><u>511,322</u></u>	<u><u>1,305,626</u></u>

Approved and authorised by the Board on 24 December 2020 and signed on its behalf by:

*Peadar O'Reilly*  
.....

Mr Peadar James O'Reilly  
Director

**Praetura Asset Finance (Holdings) Limited**

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

	<b>Called up share capital £</b>	<b>Share premium £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 January 2018	93	-	-	93
New share capital subscribed	<u>-</u>	<u>1,305,533</u>	<u>-</u>	<u>1,305,533</u>
At 31 December 2018	<u><u>93</u></u>	<u><u>1,305,533</u></u>	<u><u>-</u></u>	<u><u>1,305,626</u></u>

	<b>Called up share capital £</b>	<b>Share premium reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 January 2019	93	1,305,533	-	1,305,626
Loss for the year	<u>-</u>	<u>-</u>	<u>(794,304)</u>	<u>(794,304)</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>(794,304)</u>	<u>(794,304)</u>
At 31 December 2019	<u><u>93</u></u>	<u><u>1,305,533</u></u>	<u><u>(794,304)</u></u>	<u><u>511,322</u></u>

The notes on pages 11 to 21 form an integral part of these financial statements.

## **Praetura Asset Finance (Holdings) Limited**

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

#### **1 General information**

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

The address of its registered office is:

Ewood House  
Walker Park  
Guide  
Blackburn  
Lancashire  
BB1 2QE

These financial statements were authorised for issue by the Board on 24 December 2020.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

##### **Summary of disclosure exemptions**

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

##### **Name of ultimate parent of group**

These financial statements are consolidated in the financial statements of PAF Group Limited.

The financial statements of PAF Group Limited may be obtained from the registered office.

## **Praetura Asset Finance (Holdings) Limited**

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

#### **Going concern**

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

The directors have prepared cash flow forecasts for a period of (at least 12) months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, PAF Group Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on PAF Group Limited providing additional financial support during that period. PAF Group Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

#### **Finance income and costs policy**

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.

#### **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.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## **Praetura Asset Finance (Holdings) Limited**

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

#### **Trade 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.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

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.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## **Praetura Asset Finance (Holdings) Limited**

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

#### **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.

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.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition. A transfer requires that the Company either (a) transfers the contractual rights to receive the assets cash flows; or (b) retains the right to the assets cash flows but assumes a contractual obligation to pay those cash flows to a third party. After a transfer, the Company assesses the extent to which it has retained the risks and rewards of ownership of the transferred asset. The asset remains on the balance sheet if substantially all the risks and rewards have been retained. It is derecognised if substantially all the risks and rewards have been transferred.

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.



## Praetura Asset Finance (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### 3 Auditors' remuneration

	2019 £	2018 £
Audit of the financial statements	-	2,000
<b>Other fees to auditors</b>		
Taxation compliance services	-	775

Audit and tax fees for the period were borne by Praetura Asset Finance Limited.

#### 4 Taxation

Tax charged/(credited) in the income statement

	2019 £	2018 £
Total current income tax	-	-
Tax expense/(receipt) in the income statement	-	-

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - the same as the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Loss before tax	(794,304)	-
Corporation tax at standard rate	(150,918)	-
Tax increase arising from group relief	150,918	-
Total tax charge/(credit)	-	-

## Praetura Asset Finance (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### 5 Investments in subsidiaries

	2019 £	2018 £
Investments in subsidiaries	<u>3</u>	<u>3</u>
<b>Subsidiaries</b>		£
<b>Cost</b>		
At 1 January 2019		<u>3</u>
At 31 December 2019		<u>3</u>
<b>Provision</b>		
At 1 January 2019		<u>-</u>
At 31 December 2019		<u>-</u>
<b>Carrying amount</b>		
At 31 December 2019		<u>3</u>
At 31 December 2018		<u>3</u>

#### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Praetura Asset Finance Limited	Ewood House, Walker Park, Guide, Blackburn, BB1 2QE	Ordinary	100%	100%
Praetura Asset Finance (A) Limited	Ewood House, Walker Park, Guide, Blackburn, BB1 2QE	Ordinary	100%	100%
Praetura Asset Finance (L) Limited	Ewood House, Walker Park, Guide, Blackburn, BB1 2QE	Ordinary	100%	100%
Praetura Asset Finance (SB) Limited	Ewood House, Walker Park, Guide, Blackburn, BB1 2QE	Ordinary	100%	100%
Praetura Asset Finance (IFF) Limited	Ewood House, Walker Park, Guide, Blackburn, BB1 2QE	Ordinary	100%	100%
Praetura Asset Finance (BB) Limited	Ewood House, Walker Park, Guide, Blackburn, BB1 2QE	Ordinary	100%	100%

## Praetura Asset Finance (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### Subsidiary undertakings

##### *Praetura Asset Finance Limited*

The principal activity of Praetura Asset Finance Limited is asset finance.

##### *Praetura Asset Finance (A) Limited*

The principal activity of Praetura Asset Finance (A) Limited is asset finance.

##### *Praetura Asset Finance (L) Limited*

The principal activity of Praetura Asset Finance (L) Limited is asset finance.

##### *Praetura Asset Finance (SB) Limited*

The principal activity of Praetura Asset Finance (SB) Limited is asset finance.

##### *Praetura Asset Finance (IFF) Limited*

The principal activity of Praetura Asset Finance (IFF) Limited is asset finance.

##### *Praetura Asset Finance (BB) Limited*

The principal activity of Praetura Asset Finance (BB) Limited is asset finance.

#### 6 Debtors

	2019 £	2018 £
Amounts owed by related parties	9,747,085	7,498,822
Other debtors	-	804
	<u>9,747,085</u>	<u>7,499,626</u>

#### 7 Cash and cash equivalents

	2019 £	2018 £
Cash at bank	<u>1,163,788</u>	<u>-</u>

#### 8 Creditors

	Note	2019 £	2018 £
<b>Due within one year</b>			
Other payables		-	3
Accruals		<u>205,554</u>	<u>-</u>
		<u>205,554</u>	<u>3</u>
<b>Due after one year</b>			
Loans and borrowings	9	<u>10,194,000</u>	<u>6,194,000</u>

## Praetura Asset Finance (Holdings) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019

#### 9 Loans and borrowings

	2019 £	2018 £
<b>Non-current loans and borrowings</b>		
Other borrowings	<u>10,194,000</u>	<u>6,194,000</u>

#### Other borrowings

Loan notes is denominated in GBP, the nominal interest rates are not disclosed in these accounts as they are deemed to be commercially sensitive. The carrying amount at year end is £10,194,000 (2018 - £6,194,000).

Loan notes are secured by way of fixed and floating charges over the company's assets created on 27 December 2018. The company had available to it a total debt facility of £15,000,000.

#### 10 Share capital

##### Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

## **Praetura Asset Finance (Holdings) Limited**

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

#### **11 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 finance lease receivables 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, finance lease receivables 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.

##### **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.

## **Praetura Asset Finance (Holdings) Limited**

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

#### **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.

#### **12 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.

#### **13 Parent and ultimate parent undertaking**

The company's immediate parent is PAF Group Limited, incorporated in Enland and Wales.

The most senior parent entity producing publicly available financial statements is PAF Group Limited. These financial statements are available upon request from the companies registered office.

The parent of the largest group in which these financial statements are consolidated is PAF Group Limited, incorporated in England and Wales.

The address of PAF Group Limited is:

Ewood House  
Walker Park  
Guide  
Blackburn  
BB1 2QE

PAF Group Limited is also the smallest group in which the results of the company are consolidated. No other group financial statements include the results of the company..

## **Praetura Asset Finance (Holdings) Limited**

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

#### **14 Non adjusting events after the financial period**

Since year end significant social and economic disruption has occurred as a result of the coronavirus outbreak. The Directors of the business with the support of its shareholders are monitoring this situation closely and are focused on ensuring the safety and wellbeing of its staff while maintaining business as usual operations supporting its UK SME clients with financial products originated on its own book and through third party lenders.

The impact of the Covid-19 outbreak was not present at the balance sheet date and is therefore considered a non-adjusting post balance sheet event. No changes have been made to the carrying value of the assets and liabilities within these financial statements. At this stage while there is uncertainty around the financial impact, the Directors believe the Company are in a strong position to manage the risk.