

Company Registration No. 08766580 (England and Wales)

PRAETURA ASSET FINANCE (SB) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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PRAETURA ASSET FINANCE (SB) LIMITED

COMPANY INFORMATION

Directors	J Summers P O'Reilly M I Dalzell
Secretary	M Walling
Company number	08766580
Registered office	Ewood House Walker Park Guide Lancashire BB1 2QE
Auditor	MHA 6th Floor 2 London Wall Place London EC2Y 5AU

PRAETURA ASSET FINANCE (SB) LIMITED

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PRAETURA ASSET FINANCE (SB) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be the provision of asset finance to SME customers.

Results and dividends

The profit for the year before taxation amounted to £6,510 (2021: £22,785).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Summers

M H Hartley

P O'Reilly

D Johnson

M I Dalzell

(Resigned 9 June 2023)

(Resigned 23 June 2023)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and MHA will therefore continue in office.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

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 2022 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. A key aspect of the considerations reflected within the stress testing is credit risk and the risk that a client is unable to repay amounts due. Management believe this risk is largely mitigated for the going concern consideration through the Company's risk management controls and procedures which the Company has embedded throughout the business and the security in place as a result of the asset backed nature of lending.

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.

Small companies exemption

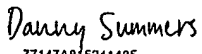
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

PRAETURA ASSET FINANCE (SB) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board

DocuSigned by:

77147A815241485...
J Summers
Director

29 June 2023

PRAETURA ASSET FINANCE (SB) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRAETURA ASSET FINANCE (SB) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRAETURA ASSET FINANCE (SB) LIMITED

Opinion

We have audited the financial statements of Praetura Asset Finance (SB) Limited (the 'company') for the period ended 31 December 2022 which comprise the balance sheet, profit and loss account 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS102 *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 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 UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

PRAETURA ASSET FINANCE (SB) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PRAETURA ASSET FINANCE (SB) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Matters on which we are required to report by exception

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
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

PRAETURA ASSET FINANCE (SB) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PRAETURA ASSET FINANCE (SB) LIMITED

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the financial statements is located on the FRC'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, 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.



Rakesh Shaunak FCA, CTA

(Senior Statutory Auditor)

For and on behalf of MHA

29 June 2023

Statutory Auditor

6th Floor

2 London Wall Place

London

EC2Y 5AU

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

PRAETURA ASSET FINANCE (SB) LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
Turnover		99,330	276,090
Cost of sales		(42,820)	(53,305)
Gross profit		56,510	222,785
Administrative expenses		(50,000)	(200,000)
Profit before taxation		6,510	22,785
Tax on profit	5	-	-
Profit for the financial year		6,510	22,785

The accounting policies and notes set out on pages 9 - 14 form an integral part of these financial statements.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

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

PRAETURA ASSET FINANCE (SB) LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2022**

	Notes	£	2022 £	£	2021 £
Current assets					
Debtors	6	633,909		1,176,791	
Creditors: amounts falling due within one year	7	<u>(1,342,939)</u>		<u>(1,403,363)</u>	
Net current liabilities			(709,030)		(226,572)
Creditors: amounts falling due after more than one year	8		<u>(124,327)</u>		<u>(613,295)</u>
Net liabilities			<u>(833,357)</u>		<u>(839,867)</u>
Capital and reserves					
Called up share capital	9		1		1
Profit and loss reserves			<u>(833,358)</u>		<u>(839,868)</u>
Total equity			<u>(833,357)</u>		<u>(839,867)</u>

The accounting policies and notes set out on pages 9 - 14 form an integral part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 29 June 2023 and are signed on its behalf by:

DocuSigned by:

 77147A815241485...
 J Summers
 Director

Company Registration No. 08766580

PRAETURA ASSET FINANCE (SB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Praetura Asset Finance (SB) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ewood House, Walker Park, Guide, Lancashire, BB1 2QE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- 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.

1.2 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 2022 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. A key aspect of the considerations reflected within the stress testing is credit risk and the risk that a client is unable to repay amounts due. Management believe this risk is largely mitigated for the going concern consideration through the Company's risk management controls and procedures which the Company has embedded throughout the business and the security in place as a result of the asset backed nature of lending.

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.

PRAETURA ASSET FINANCE (SB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is made up of finance income. Finance income and costs 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 or 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.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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

PRAETURA ASSET FINANCE (SB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors; bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements 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 Auditors' remuneration

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

PRAETURA ASSET FINANCE (SB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Total	5	5

All employees are directors. All directors of the company detailed in the directors' report are employed and remunerated by other group companies and therefore any remuneration is borne by those group companies. No remuneration is given in respect of acting as a director of this entity as it is incidental to their overall responsibilities to the group and no costs in relation to directors' remuneration are recharged to the entity.

5 Taxation

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	6,510	22,785
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,237	4,329
Change in unrecognised deferred tax assets	(11,112)	-
Group relief	9,875	(4,329)
Taxation charge for the year	-	-

The company has an unrecognised deferred tax asset of £58,786 largely related to fixed asset timing differences.

6 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Finance lease receivables	405,447	353,494
Amounts owed by group undertakings	-	35,404
Other debtors	259	2,904
Prepayments and accrued income	17,993	68,960
	423,699	460,762

PRAETURA ASSET FINANCE (SB) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****6 Debtors****(Continued)****Amounts falling due after more than one year:**

Finance lease receivable	210,210	716,029
Total debtors	633,909	1,176,791

Finance lease receivables

	2022	2021
	£	£
Gross amounts receivable under finance leases:		
Within one year	449,614	467,123
In two to five years	221,093	774,838
In over five years	-	-
Gross finance lease receivables	670,707	1,241,961
Unearned finance income	(46,900)	(150,253)
Accumulated allowance for uncollectible minimum lease payments	(8,150)	(22,185)
Present value of minimum lease payments receivable	615,657	1,069,523
The present value is receivable as follows:		
Within one year	405,447	353,494
In two to five years	210,210	716,029
In over five years	-	-
Total	615,657	1,069,523

7 Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loans	244,618	321,779
Amounts owed to group undertakings	1,098,121	1,080,476
Other creditors	200	1,108
	1,342,939	1,403,363

8 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Bank loans	124,327	613,295

PRAETURA ASSET FINANCE (SB) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Called up share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital Issued and fully paid Ordinary of £1 each	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

10 Parent company

The immediate parent company is Praetura Asset Finance Limited, a company incorporated in England and Wales.

As at 31 December 2022 the ultimate parent undertaking of the entity was Praetura Group Limited, a company incorporated in England and Wales. From 12 May 2023 the ultimate parent undertaking of the company is Praetura Debt Services Holding Ltd, a company registered in England and Wales

The smallest group in which these financial statements are consolidated is PAF Group Limited, these consolidated accounts are available from its registered office, Ewood House, Walker Park, Guide, Blackburn, BB1 2QE.

The largest group in which these financial statements are consolidated is Praetura Group Limited, these consolidated accounts are available from its registered office, Level 8 Bauhaus, 27 Quay Street, Manchester, M3 3GY.