

Registered number: 09927764

CS LEASING (UK) LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



CS LEASING (UK) LTD

COMPANY INFORMATION

Directors	F P Vaughan T D May
Company secretary	Clarks Nominees Limited
Registered number	09927764
Registered office	5th Floor Thames Tower Station Road Reading Berkshire RG1 1LX
Independent auditors	Deloitte LLP 1New Street Square London EC4A 3HQ

CS LEASING (UK) LTD

Directors' Report For the Year Ended 31 December 2019

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

Principal activity

The principal activity of the company in the year under review was that of financial leasing.

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year and up to the date of signing were:

F P Vaughan
T D May

Disclosure of information to auditors

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

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

CS LEASING (UK) LTD

**Directors' Report (continued)
For the Year Ended 31 December 2019**

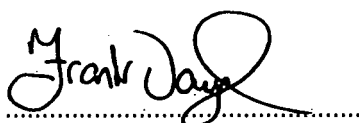
Auditors

The auditors, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

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

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

A handwritten signature in black ink, appearing to read 'Frank Vaughan', is written over a horizontal dotted line.

Frank Vaughan
Director

Date: April 17, 2020

CS LEASING (UK) LTD

Independent auditor's report to the members of CS Leasing (UK) Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CS Leasing (UK) Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland.

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

CS LEASING (UK) LTD

Independent auditor's report to the members of CS Leasing (UK) Ltd

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on other legal and regulatory requirements

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 strategic report and] the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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 any material misstatements in [the strategic report or] the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

CS LEASING (UK) LTD

Independent auditor's report to the members of CS Leasing (UK) Ltd

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.

Andrew Evans

Andrew Evans, FCA
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, UK
April 17, 2020

CS LEASING (UK) LTD

**Statement of Comprehensive Income
For the Year Ended 31 December 2019
(amounts in thousands)**

		Year Ended 2019	Year Ended 2018
	Note	\$	\$
Turnover	5	390	291
Gross profit		<u>390</u>	<u>291</u>
Administrative expenses		(285)	(245)
Operating profit		<u>105</u>	<u>46</u>
Tax on profit	6	(21)	(9)
Profit for the financial year	7	<u>84</u>	<u>37</u>

There was no other comprehensive income for 2019 (2018 : \$NIL).

The notes on pages 8 to 15 form part of these financial statements.

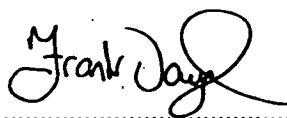
CS LEASING (UK) LTD

Balance Sheet As at 31 December 2019 (amounts in thousands)

	Note	2019 \$	2018 \$
Current assets			
Debtors: amounts falling due within one year	8	234	229
Cash at bank and in hand	9	257	90
		<u>491</u>	<u>319</u>
Creditors: amounts falling due within one year	10	(304)	(216)
Net current assets		<u>187</u>	<u>103</u>
Total assets less current liabilities		<u>187</u>	<u>103</u>
Net assets		<u>187</u>	<u>103</u>
Capital and reserves			
Called up share capital	12	25	25
Profit and loss account	13	162	78
		<u>187</u>	<u>103</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on April 17, 2020.



Frank Vaughan
Director

The notes on pages 8 to 15 form part of these financial statements.

CS LEASING (UK) LTD

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

CS Leasing (UK) Ltd is a private company incorporated in England and Wales, limited by shares.

Registration Number: 09927764

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

As a wholly owned subsidiary of CSH with the principal activity being to provide marketing assistance for the leasing of intermodal containers that are owned by affiliates, the Company's function within the CSH group of companies (the "Group") is dependent upon the Group's ability to operate as a going concern.

The World Health Organisation ("WHO") declared on January 30, 2020, that the outbreak of the new coronavirus disease 2019 ("COVID-19") was a Public Health Emergency of International Concern.

On March 11, 2020, the WHO declared COVID-19 a pandemic, pointing to the spread of the virus in over 110 countries and territories around the world and the sustained risk of further global spread.

The Group has evaluated the potential impact of COVID-19 on its financial condition and results of operations by assessing its impact on the following areas of the business:

- Infrastructure & operations
- Market & financial performance
- Financing

In assessing Going Concern, the Group has run and evaluated a number of stress case sensitivities on its business plan projections. In each case, the Group has sufficient liquidity to carry on trading as a Going Concern and in each case was in compliance with the critical financial covenant which measures the ratio of financial indebtedness to the Tangible Net Worth of the Group. Under the stress case sensitivities, the Group did not exceed the maximum threshold 4.0 to 1.0.

a. Infrastructure & Operations

- The structure of the Group supports remote working in all locations with minimal interruption. This includes all personnel, operations systems and finance systems.
- Major supply routes have been and will continue to be open in all jurisdictions to facilitate the transportation of critical supplies.
- Industry observers report that there are no material delays or disruption at ports or borders for the transportation of goods.

CS LEASING (UK) LTD

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.2 Going concern (continued)

b. Market & financial performance

- The Group has established a profitable business with global operations. Incremental growth is not required to maintain profitability and liquidity for the next twelve months.
- The current utilisation of the fleet is approximately 95%, which is in line with business targets.
- The Group has a diversified portfolio of operating and finance leases. Approximately 90% of the leases are long-term leases which have a lease term that exceeds twelve months. For the majority of leases, the lease term is for a period of five years. Less than 10% of the long-term leases are scheduled for renegotiation in 2020.
- The Group is maintaining strong communications with all of its major customers. To date, none of these customers have reported any material disruption to their respective business operations. They continue to pay their respective monthly lease rentals.
- Shifts in trade patterns and unexpected demand for certain products can create opportunities for leasing companies. Customers have reported increased demand in certain locations.
- At December 2019, the Group had commitments in the form of outstanding orders to purchase \$16.25 million of container equipment from container manufacturers that are primarily located in China. Most of this equipment is committed to lease contracts with existing customers. The main equipment manufacturer in China reports that operations are running at normal levels and it does not anticipate any operational disruption.

c. Financing

- The Group has a Loan Facility with an international bank group that have indicated strong support throughout this period.
- The Group does not require any additional financing to continue as a going concern.
- The Loan Facility has an expiry date of December 2021, at which point the Group will seek to extend it.
- At December 31, 2019, the Group had \$46.2 million of available undrawn capacity which is available to fund the acquisition of new equipment, subject to the Group funding the required 20% equity component of the equipment cost.
- US dollar interest rates have declined as regulatory authorities and governments have introduced economic stimulus measures. The cost of funding for the Group has declined in line with these reductions. The Group has also taken advantage of the reduction in longer-term interest rates and entered into \$75 million of new interest rate swap contracts since January 1, 2020.
- The Group is in compliance with all of its financial covenants and remains in compliance under business plan stress case scenarios.

If the Group does identify a need to take remedial actions, there may be certain government schemes for which the Group is eligible. The Group may also consider a cost reduction initiative. However, management's assessment is that these measures are not needed to continue as a Going Concern.

COVID-19 has caused significant uncertainty across global markets. However, the Group is of the view that risk has been mitigated such that the Group will be able to operate as a Going Concern for the next 12 months.

CS LEASING (UK) LTD

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.5 Foreign currency translation

Functional and presentation

currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

CS LEASING (UK) LTD

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.6 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

3. Critical accounting judgements and key sources of estimation uncertainty

3.1 Critical judgements in applying the Company's accounting policies

The financial statements have been prepared on a going concern basis (see Note 2.2). The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Determination of functional currency

In determining the functional currencies of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the countries whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the Company are determined based on management's assessment of the economic environment in which the Company operates its process of determining sales prices. Management has assessed that prices are mainly denominated and settled in United States Dollars (US\$). Therefore, management concluded that the functional currency of the Company is United States Dollar.

3.2 Key sources of estimation uncertainty

The Company does not identify any key sources of estimation uncertainty.

4. Employees

The average monthly number of employees, including directors, during the year was 3 (2018: 3). Directors are not remunerated by the Company, but rather by an affiliate of CS Leasing (UK) Ltd.

CS LEASING (UK) LTD

Notes to the Financial Statements For the Year Ended 31 December 2019 (amounts in thousands)

5. Turnover

Management fees are earned from affiliate, CS Leasing Pte. Ltd., registered in the Republic of Singapore.

An analysis of the Company's turnover is as follows:

	2019 \$	2018 \$
Management Fees earned on:		
Lease rentals	59	38
Marketing office support services	331	253
	<u>390</u>	<u>291</u>

6. Taxation

	2019 \$	2018 \$
Corporation tax		
Current tax on profits for the year	<u>21</u>	<u>9</u>
Total current tax	<u>21</u>	<u>9</u>
Taxation on profit on ordinary activities	<u>21</u>	<u>9</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018: 19%) as set out below:

	2019 \$	2018 \$
Profit on ordinary activities before tax	<u>105</u>	<u>46</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	20	9
Effects of:		
Expenses not deductible for tax purposes	1	1
Adjustments to tax charge in respect of prior periods	-	(1)
Total tax charge for the year	<u>21</u>	<u>9</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

CS LEASING (UK) LTD

**Notes to the Financial Statements
For the Year Ended 31 December 2019
(amounts in thousands)**

7. Profit for the financial year

Profit for the year has been arrived at after charging:

	2019 \$	2018 \$
Audit	11	16
Rent and occupancy	7	8
Difference on foreign exchange	37	33
	<u>37</u>	<u>33</u>

8. Debtors

	2019 \$	2018 \$
Trade debtors	231	224
Other debtors	-	1
Prepayments and accrued income	3	4
	<u>234</u>	<u>229</u>

9. Cash and cash equivalents

	2019 \$	2018 \$
Cash at bank and in hand	257	90
	<u>257</u>	<u>90</u>

10. Creditors: Amounts falling due within one year

	2019 \$	2018 \$
Trade creditors	229	171
Corporation tax	21	10
Other creditors	37	22
Accruals and deferred income	17	13
	<u>304</u>	<u>216</u>

CS LEASING (UK) LTD

**Notes to the Financial Statements
For the Year Ended 31 December 2019
(amounts in thousands)**

11. Financial instruments

	2019 \$	2018 \$
Financial assets		
Financial assets measured at fair value through profit or loss	257	90

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

12. Share capital

	2019 \$	2018 \$
Allotted, called up and fully paid		
25,000 Ordinary shares of \$1 each	25	25

13. Profit and loss account

	2019 \$	2018 \$
Profit and loss account at the beginning of the year	78	41
Profit for the financial year	84	37
Profit and loss account at the end of the year	162	78

CS LEASING (UK) LTD

Notes to the Financial Statements For the Year Ended 31 December 2019 (amounts in thousands)

14. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 \$	2018 \$
Leaseholds:		
Not later than 1 year	4	5
Later than 1 year and not later than 5 years	-	3
	<u>4</u>	<u>8</u>

15. Related party transactions

Included in trade debtors is an amount of \$65 (2018: \$71) owed from CS Leasing Pte. Ltd, a company incorporated in Singapore and a wholly owned subsidiary of CS Leasing Holding Pte. Ltd. During the year, sales of \$390 (2018: \$291) were made to CS Leasing Pte. Ltd.

Included in trade creditors is an amount of \$229 (2018: \$171) owed to CS Leasing Pte. Ltd.

16. Controlling party

CS Leasing Holding Pte. Ltd, a holding company incorporated in Singapore, is the ultimate controlling party by virtue of its 100% shareholding.

The Company's immediate parent ty is CS Leasing Holding Pte. Ltd., a company incorporated in the Republic of Singapore. CS Leasing Holding Pte. Ltd. is the ultimate controlling party by virtue of its 100% shareholding and is the largest group at which consolidated financial statements are available.

CS Leasing Holding, Pte. Ltd.
629 Aljunied Road #06-11
CitiTech Industrial Building
Singapore 389838

17. Subsequent events

Subsequent events have been evaluated through April 17, 2020, the date the financial statements were issued.

The recent global outbreak of COVID-19 has caused significant volatility within the economic markets, for which the duration and spread of the outbreak and the resultant economic impact are uncertain and cannot be predicted.

The Company considers the outbreak to be a non-adjusting event.

As the situation is fluid and rapidly evolving, management does not consider it practicable to provide a quantitative estimate of the potential impact of the outbreak on the Company's subsequent financial statements.

Management have evaluated the impact of COVID-19 on Going Concern and have assessed that the Company is able to maintain sufficient liquidity to continue as a going concern for at least the next 12 months from date of authorisation of the financial statements (see Note 2.2).