

SAF GROUP FINANCE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



VENTHAMS

SAF GROUP FINANCE LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | F E Athill R J McDougall Y C Oertengren M C Randall B Dhenin J Wiles J S Wolvaardt R C Chadwick R R Goscomb |
| Registered number | 10588139 |
| Registered office | 5th Floor Harling House 47-51 Great Suffolk Street London SE1 0BS |
| Independent auditors | BDO LLP 55 Baker Street London W1U 7EU |
| Accountants | Venthams Chartered Accountants Millhouse 32-38 East Street Rochford Essex SS4 1DB |

SAF GROUP FINANCE LIMITED

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SAF GROUP FINANCE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their report and financial statements for the year ended 31 December 2020.

Principal Activity

The principal activity of SAF Group Finance Limited (the 'Company') is that of providing equity and medium term note funding to the other companies within SAF Group Holdco Limited (the 'Group' or 'Simply') to assist in the provision and supply of lending to UK SMEs.

Business review

The Directors are pleased with the performance of the Company's investments in Simply Asset Finance Operations Limited and SAF1 Limited during the year.

During the year the Company entered into a medium-term note (MTN) programme and completed the first issuance in March 2020 and at the end of the year had issued £14.7m.

Despite the impact of Covid-19 new business origination of £154.5m (2019: £160.0m) resulted in a 27% increase in the loan book to £217.5m (2019: £171.5m).

SAF GROUP FINANCE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

The Group faces a number of risks in the normal course of business providing lending to UK SMEs. The Board of Directors have set monthly meetings to discuss and review the relevant risks and mitigants.

| Risk | Mitigation |
|--|--|
| <p>Liquidity Risk is the risk that Simply will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Simply's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Simply's reputation.</p> | <p>The Group has strong controls in place to identify and monitor this risk with a Policy owned by the CFO. Regular reporting is reviewed by the CFO and at the monthly Risk & Governance Committees and Board Meetings.</p> <p>This reporting includes, but is not limited to:</p> <ul style="list-style-type: none"> - Cashflow forecasting - Stress testing - Medium term budgeting and planning - Daily monitoring and bank reconciliations <p>At any point in time the Group targets sufficient cash and funding headroom to support 12 months of operational cash requirements and origination.</p> |
| <p>Credit Risk is the risk of a loss to the Group due to a default on a debt that may arise from a customer failing to repay the money advanced to them. The objective of credit risk management is to manage and control credit risk exposure to within acceptable tolerances.</p> | <p>The Group is first and foremost an asset-based lender, principally offering finance products as a secured lender. Understanding the assets to be financed, and the risks to value, is key to minimising loss to the Group on default.</p> <p>Central to the Group's lending approach is affordability. Each proposal is initially appraised by the account manager prior to submission to underwriting. The underwriter will then fully appraise the proposal and assess affordability throughout the term of the finance arrangement. This two-stage process provides a 'check & balance' to assuring the advance being sought is within a client's borrowing capacity.</p> <p>The Group further seeks to minimise exposure to credit losses by:</p> <ul style="list-style-type: none"> - maintaining consistent and conservative loan to value ratios; - maintaining regular and timely collections and arrears management processes; - operating tiered levels of underwriting authority; - regular review of the portfolio at the monthly Credit Committee. |
| <p>Market Risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will adversely affect Simply's income or the value of its financial instruments. The objectives of market risk management are to manage and control market risk exposure to within acceptable tolerances, whilst optimising the return on risk.</p> | <p>The Group has strong controls in place to manage this risk which includes regular monitoring and reporting in addition to match funding.</p> <p>Foreign exchange ('FX') exposure is managed through only providing lending in Sterling with any FX requirements transacted before writing the agreement and covered by a customer indemnity.</p> <p>Interest rate exposure is managed using fixed rate agreements to customers matched with fixed rate funding from the senior debt providers.</p> |

SAF GROUP FINANCE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial key performance indicators

The key performance indicators which the Directors regularly monitor are:

| | 2020 | 2019 |
|-----------------------|-------|-------|
| Loan interest payable | £4.4m | £3.0m |

Outlook

The Directors are confident about the outlook for the Group and its ambition to continue increasing market share through organic growth. This will be achieved through a combination of:

- maintaining disciplined and asset secured underwriting approach
- continued investing in technology to improve customer and introducers experience and relationships
- continued focus on collections and arrears management

The UK left the EU on 31 December 2020. The group has experienced minimal impact, but the board continues to monitor this very closely.

The impact of the Covid-19 pandemic on the 2020 results can be seen in the lower origination year on year and the higher bad debt ratio. The Directors remain cautiously optimistic that most of the impact has been absorbed but continue to be vigilant for any further uncertainty and economic impact.

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



.....
J S Wolvaardt
Director

Date: 15 April 2021

SAF GROUP FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Results and dividends

The loss for the year, after taxation, amounted to £4,852,337 (2019 -£5,563,145).

Directors

The directors who served during the year were:

F E Athill
R J McDougall
Y C Oertengren
M C Randall
B Dhenin
J Wiles
J S Wolvaardt
R C Chadwick
R R Goscomb

SAF GROUP FINANCE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditors

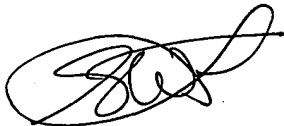
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- 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.

Auditors

Under section 487(2) of the Companies Act 2006, BDO LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



.....
J S Wolvaardt
Director

Date: 15 April 2021

SAF GROUP FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAF GROUP FINANCE LIMITED

Opinion

We have audited the financial statements of SAF Group Finance Limited (the 'company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

SAF GROUP FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAF GROUP FINANCE LIMITED (CONTINUED)

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 Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other 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 Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities 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, 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.

SAF GROUP FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAF GROUP FINANCE LIMITED (CONTINUED)

Auditors' 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 Auditors' 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.

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Review of all laws and regulations for which the entity must comply; and
- Testing of journals within our review of management override.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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



Kelly Sheppard, Senior Statutory Auditor
For and on behalf of BDO LLP, Statutory Auditor

London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

15 April 2021

SAF GROUP FINANCE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Note | 2020 £ | 2019 £ |
|------------------------------------|------|--------------------|--------------------|
| Administrative expenses | | (33,695) | (100) |
| Other operating income | 4 | 33,695 | - |
| Fair value movements | | (443,774) | (2,595,230) |
| Operating loss | | (443,774) | (2,595,330) |
| Interest payable and expenses | 8 | (4,408,563) | (2,967,815) |
| Loss before tax | | (4,852,337) | (5,563,145) |
| Loss for the financial year | | (4,852,337) | (5,563,145) |

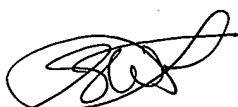
There was no other comprehensive income for 2020 (2019:£NIL).

SAF GROUP FINANCE LIMITED
REGISTERED NUMBER:10588139

BALANCE SHEET
AS AT 31 DECEMBER 2020

| | Note | 2020 £ | 2019 £ |
|---|------|---------------------|---------------------|
| Fixed assets | | | |
| Investments | 10 | 24,025,200 | 24,025,200 |
| | | <u>24,025,200</u> | <u>24,025,200</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 11 | 29,091,342 | 22,437,780 |
| Cash at bank and in hand | 12 | 12,487,606 | 25,024 |
| | | <u>41,578,948</u> | <u>22,462,804</u> |
| Creditors: amounts falling due within one year | 13 | (10,401) | (10,401) |
| Net current assets | | <u>41,568,547</u> | <u>22,452,403</u> |
| Total assets less current liabilities | | <u>65,593,747</u> | <u>46,477,603</u> |
| Creditors: amounts falling due after more than one year | 14 | (82,007,658) | (58,039,177) |
| Net liabilities | | <u>(16,413,911)</u> | <u>(11,561,574)</u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 1 | 1 |
| Other reserves | 17 | (6,568,921) | (6,844,721) |
| Profit and loss account | 17 | (9,844,991) | (4,716,854) |
| | | <u>(16,413,911)</u> | <u>(11,561,574)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
J S Wolvaardt
 Director

Date: 15 April 2021

SAF GROUP FINANCE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Called up share capital £ | Capital contribution reserve £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|---|---------------------------------|---------------------|
| At 1 January 2019 | 1 | (4,589,981) | (1,408,449) | (5,998,429) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (5,563,145) | (5,563,145) |
| Transfer to/from profit and loss account | - | 340,490 | (340,490) | - |
| Fair value movement | - | (2,595,230) | 2,595,230 | - |
| At 1 January 2020 | 1 | (6,844,721) | (4,716,854) | (11,561,574) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (4,852,337) | (4,852,337) |
| Transfer to/from profit and loss account | - | 719,574 | (719,574) | - |
| Fair value movement | - | (443,774) | 443,774 | - |
| At 31 December 2020 | 1 | (6,568,921) | (9,844,991) | (16,413,911) |

SAF GROUP FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

SAF Group Finance Limited is a private company limited by shares, incorporated in England and Wales. Its registered office is 5th Floor, Harling House, 47-51 Great Suffolk Street, London, SE1 0BS.

The principal activity of the company continued to be that of providing finance for subsidiary companies.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of SAF Group Holdco Limited as at 31 December 2020 and these financial statements may be obtained from Companies House.

2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

SAF GROUP FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Going concern

The financial statements have been prepared on a going concern basis as the Directors are satisfied that the Company and the Group has adequate resources to continue in the ordinary course of business for the foreseeable future.

In coming to this decision, the Directors have considered a range of information including, but not limited to:

- The performance of the portfolio to date
- Current market conditions
- Support from Shareholders
- Existing and future debt facilities
- Future and stressed projections on profitability, cash flows and capital resources

Specifically, in relation to Covid-19, the Directors have considered the adequacy of the Company's liquidity structure, the impact on the volumes and the potential for increased credit losses. The directors are closely monitoring any new developments and have enhanced the governance and control processes of the organisation with regular management meetings. Forecasting and stress testing analysis has been completed for a number of scenarios with a number of assumptions used in these scenarios. The results of these have satisfied the Directors that there are sufficient resources for the foreseeable future to continue as a going concern.

2.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

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 profit or loss 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 profit or loss within 'other operating income'.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

SAF GROUP FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short term 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.

2.10 Cash and cash equivalents

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

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Deep Discounted Bonds and Zero Coupon Notes issued by the company are measured at fair value with the adjustment to cost, as a result of the discount, reflected as a movement to the capital contribution reserve which is subsequently unwound over the life of the instrument. The fair value is calculated as a function of the value of maturity and the market rate of standard UK corporate bonds at the balance sheet date.

2.12 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 ordinary shares.

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

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.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Deep Discounted Bonds and Zero Coupon Notes included within creditors falling due after more than one year are held at fair value. Management have calculated the fair value by using a discount factor of 6% based on the assumption that the instruments are comparable to current market rates for corporate bonds with the same dates of maturity.

SAF GROUP FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Other operating income

| | 2020 £ | 2019 £ |
|---------------------|---------------|-----------|
| Management recharge | 33,695 | - |
| | <u>33,695</u> | <u>-</u> |

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

| | 2020 £ | 2019 £ |
|----------------------|------------|-----------|
| Exchange differences | 100 | - |
| | <u>100</u> | <u>-</u> |

6. Auditors' remuneration

Fees payable to the company's auditor are charged to its operating subsidiary company, Simply Asset Finance Operations Limited. The total fee payable for the audit of the financial statements of all audited companies within the group is £145,000 (2019: £110,000).

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

7. Employees

The company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL).

8. Interest payable and similar expenses

| | 2020 £ | 2019 £ |
|-----------------------------|------------------|------------------|
| Other loan interest payable | 4,408,563 | 2,967,815 |
| | <u>4,408,563</u> | <u>2,967,815</u> |

SAF GROUP FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

| | 2020 £ | 2019 £ |
|--|-------------|-------------|
| Loss on ordinary activities before tax | (4,852,337) | (5,563,145) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%) | (921,944) | (1,056,998) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 921,944 | 1,056,978 |
| Unrelieved tax losses carried forward | - | 20 |
| Total tax charge for the year | - | - |

Factors that may affect future tax charges

The company has losses of £257 (2019: £257) available to carry forward against future trading profits.

SAF GROUP FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Fixed asset investments

| | Investments in subsidiary companies £ |
|--------------------------|--|
| Cost or valuation | |
| At 1 January 2020 | 24,025,200 |
| At 31 December 2020 | <u>24,025,200</u> |

Subsidiary undertakings

The following were subsidiary undertakings of the company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|---|---|---------------------------|----------------------------|----------------|
| Simply Asset Finance Operations Limited | 5th Floor, Harling House, 47-51 Great Suffolk Street, London, SE1 0BS | Finance leasing | Ordinary | 100% |
| SAF1 Limited | 5th Floor, Harling House, 47-51 Great Suffolk Street, London, SE1 0BS | Finance leasing | Ordinary | 100% |
| SAF2 Limited | 5th Floor, Harling House, 47-51 Great Suffolk Street, London, SE1 0BS | Dormant company | Ordinary | 100% |
| SAF3 Limited | 5th Floor, Harling House, 47-51 Great Suffolk Street, London, SE1 0BS | Dormant company | Ordinary | 100% |
| SAF4 Limited | 5th Floor, Harling House, 47-51 Great Suffolk Street, London, SE1 0BS | Dormant company | Ordinary | 100% |
| SAF6 Limited | 5th Floor, Harling House, 47-51 Great Suffolk Street, London, SE1 0BS | Dormant company | Ordinary | 100% |

SAF GROUP FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Debtors

| | 2020 £ | 2019 £ |
|------------------------------------|-------------------|-------------------|
| Amounts owed by group undertakings | 28,968,530 | 22,437,780 |
| Prepayments and accrued income | 122,812 | - |
| | <u>28,968,530</u> | <u>22,437,780</u> |

12. Cash and cash equivalents

| | 2020 £ | 2019 £ |
|--------------------------|-------------------|---------------|
| Cash at bank and in hand | 12,487,606 | 25,024 |
| | <u>12,487,606</u> | <u>25,024</u> |

13. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 10,401 | 10,401 |
| | <u>10,401</u> | <u>10,401</u> |

14. Creditors: Amounts falling due after more than one year

| | 2020 £ | 2019 £ |
|-------------|-------------------|-------------------|
| Other loans | 82,007,658 | 58,039,177 |
| | <u>82,007,658</u> | <u>58,039,177</u> |

During the year fixed and floating charges were created in favour of City Partnership Trustee Limited over all property and undertakings of the company.

SAF GROUP FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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15. Loans

Analysis of the maturity of loans is given below:

| | 2020 £ | 2019 £ |
|--|-------------------|-------------------|
| Amounts falling due 2-5 years | | |
| Other loans | 14,691,722 | - |
| | <u>14,691,722</u> | <u>-</u> |
| Amounts falling due after more than 5 years | | |
| Other loans | 67,315,936 | 58,039,177 |
| | <u>67,315,936</u> | <u>58,039,177</u> |

Included within creditors falling due after more than one year is £6,847,143 (2019: £5,832,157) relating to Zero Coupon Notes and £60,469,609 (2019: £52,207,020) in respect of Deep Discounted Bonds. The Deep Discounted Bonds are redeemable in May 2027 at their nominal value of £90,923,935 (2019: £83,210,059). An interest charge of £3,833,802 (2019: £2,967,815) has been recognised in interest payable and similar charges in the Statement of Comprehensive Income reflecting the amortisation of the discount on issue. The Zero Coupon Notes will become repayable at their nominal value of £10,295,572 (2019: £9,295,572) in May 2027.

SAF GROUP FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

16. Share capital

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| 1 (2019 -1) Ordinary share of £1.00 | 1 | 1 |

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

17. Reserves

Other reserves

Other reserves consist of a capital contribution in relation to long terms loans that have been discounted in accordance with FRS 102.

Profit and loss account

All reserves in respect of profit and loss are distributable reserves.

18. Related party transactions

The company has taken advantage of the exemption under FRS 102 from the requirement to disclose transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

19. Controlling party

The immediate and ultimate parent company is SAF Group Holdco Limited which owns 100% of the share capital in SAF Group Finance Limited. Its registered office is 5th Floor, Harling House, 47-51 Great Suffolk Street, London, SE1 0BS.

The ultimate controlling party is CS Capital Partners V LP by virtue of its majority shareholding in the parent company, SAF Group Holdco Limited.

The parent of the largest and smallest group into which the results of this company are consolidated is SAF Group Holdco Limited. Copies of the group financial statements can be obtained from Companies House.