

**Group Strategic Report, Directors' Report and
Audited Consolidated Financial Statements for the Year Ended 31 December 2022
for
CSI Leasing UK Limited**

Landin Wilcock & Co
Statutory Auditor
68 Queen Street
Sheffield
South Yorkshire
S1 1WR

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CSI Leasing UK Limited (Registered number: 03693534)

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for the year ended 31 December 2022**

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CSI Leasing UK Limited
Company Information
for the year ended 31 December 2022

DIRECTORS:

B D Naylor
S G Hamilton
N M Bodur
J W Gunson
I R Shaw

REGISTERED OFFICE:

1-2 Chambers Way
Thornccliffe Park Estate
Newton Chambers Road
Sheffield
South Yorkshire
S35 2PH

REGISTERED NUMBER:

03693534 (England and Wales)

INDEPENDENT AUDITORS:

Landin Wilcock & Co
Statutory Auditor
68 Queen Street
Sheffield
South Yorkshire
S1 1WR

BANKERS:

Virgin Money
66 Fargate
Sheffield
South Yorkshire
S1 2HE

**Group Strategic Report
for the year ended 31 December 2022**

The directors present their strategic report of the company and the group for the year ended 31 December 2022.

REVIEW OF BUSINESS

The group is pleased to report excellent trading in the year, with the Freedom Tech Limited subsidiary acquired in 2017 continuing to have a significant beneficial impact on the annual figures. The nature of the Freedom Tech business, which generally sells its receivables, is reflected in the increase in annual turnover. CSI's generic business also continues to grow. The net result is an increase in profit before tax from £6.36m to £4.26m. Net assets increased from £21.2 to £26.1m.

CSI continues to seek expansion opportunities, developing its range of services and widening its markets. With the backing of CSI Leasing Inc and Tokyo Century Corporation groups, the directors believe the group is well placed to take advantage of further opportunities which may arise.

The group's consolidated key financial and other performance indicators during the year were as follows:

	2022	2021
	£	£
Turnover	62,415,841	49,579,048
Profit before tax	6,355,122	4,258,620
Net assets	26,053,801	21,170,401

PRINCIPAL RISKS AND UNCERTAINTIES

Within the control of CSI are its internal controls, the retention of skilled staff and its flexibility to adapt to changes in the market.

As well as the continued monitoring of opportunities, the group regularly reviews risk and uncertainty. The main threats outside of our control are the risks of defaults in respect of loans or leases not funded with non-recourse loans.

SECTION 172(1) STATEMENT

In accordance with section 172 duties the directors have regard to the likely long term consequences of decisions and the impact on the Group stakeholders - employees, customers, suppliers, shareholders and others as well as communities and environments.

The Board engages strongly with employees, promoting success as well as having regard to wellbeing and health through offering benefits and events.

The products and services offered across industry, schools and others are closely tailored to the needs and requirements of these sectors, and the Groups recycling services all positively impact environment and communities.

With regards to the Groups operations the Directors take a close regard to Regulatory requirements in all areas from its financial services to recycling and can be demonstrated by certifications within ISO and R2v3.

The interests and inclusion of all stakeholders along with the consideration of the Groups purpose and values are a factor in a structured decision making process.

**Group Strategic Report
for the year ended 31 December 2022**

BREXIT

The directors continue to assess the risk to the business following the UK leaving the European Union and will implement any appropriate actions. Despite these risks the group's overseas activities continue to grow.

ON BEHALF OF THE BOARD:

I R Shaw - Director

29 September 2023

**Directors' Report
for the year ended 31 December 2022**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of lease and sale of computers and computer related equipment.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

B D Naylor
S G Hamilton
N M Bodur
J W Gunson
I R Shaw

FINANCIAL INSTRUMENTS

Objectives and policies

The directors have considered and reviewed the provisions included in the Companies Act 2006 relating to the financial risk management objectives and policies of the group. As part of that review, the directors have also considered the exposure to the group to a variety of financial risks and have various policies and procedures to mitigate or reduce these risks.

Residual Value Risk

Residuals are established following an assessment of the market value of the equipment, the maturity date of the lease and the value of similar assets, of similar age to when the lease matures. Residual values are assessed on a regular basis and where applicable, adjusted to reflect the current market values of these assets.

Credit & Interest Rate Risk

The group enjoys strong long term relationships with its panel of long term lease financing partners. These provide lease finance on a non recourse basis matched with the currency and term of the lease receivables financed. This significantly reduces the group from exposure to credit, interest rate and foreign exchange rate risk. The group has also implemented rigorous credit assessment policies that require appropriate credit checks on potential customers before leases are written and invests considerable resources in its credit control department to ensure lease receivables are collected on time.

STREAMLINED ENERGY AND CARBON REPORTING

In accordance with the requirements of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 the Directors would like to disclose the following information for the year ended 31st December 2022:

Carbon Emissions plus Intensity ratio (as per regulations):

2022 Consolidated

Scope 1&2 Direct Emissions
Natural Gas & Electricity 189,509kWh, 35.76 CO2e tonnes

Calculated as Gas and Electricity consumption for the Group / £100,000 revenue (FY22 Group revenue is £62,415,840:

2022 Intensity Ratio 0.0572

Methodologies used within the calculation

**Directors' Report
for the year ended 31 December 2022**

Electricity: Input value (in kWh/Year) X 0.19338 (Emission Factor) ÷ 1,000 = output value in tonnes of CO2e

Gas: Input value (in kWh/Year) x 0.18254 (conversion factor) ÷ 1,000 = output value tonnes of CO2e.

Raw energy data was extracted from the direct invoices provided to and paid by EPC Global Solutions Ltd and Freedom Tech Limited.

Energy Efficient Actions Taken

As a Group, we seek to minimise the environmental impacts of our existing operations and ensure that the environmental impacts of new operations are fully assessed and minimised prior to their introduction.

The Group's Environmental Management System (EMS) has the following components and objectives. As additional areas for monitoring are identified, they will be integrated into the EMS.

Energy: The Group aims to reduce the consumption of energy and will also strive to ensure that their office premises use energy in as efficient a manner as possible. Energy is used for office lighting, heating and cooling systems and for the operation of office equipment and kitchen appliances provided for the convenience of our employees.

Lighting: We encourage the use of low energy lighting and where practicable, the use of segmented areas which will allow lights to be switched off when not required.

Heating: To make more efficient use of heating systems we ensure that the temperature is set for a comfortable working environment and not more than 22c. Where heating is provided as part of a leased or rented building system, we will aim to ensure that thermostats are controlled by our internal maintenance function.

Air conditioning: Air conditioning units are available in most of our office locations. These will only be used when required and will be switched off when the office is not in use.

Supply Chain Management: We wish to encourage sustainability and environmentally sound sourcing and production methods in our suppliers' manufacturing and delivery processes. To this end, we inform our suppliers of our Environmental Policy and favour companies with established environmental policies and practices in the allocation of future contracts. We will also aim to use local suppliers and local goods and services, where practicable.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

I R Shaw - Director

29 September 2023

**Statement of Directors' Responsibilities
for the year ended 31 December 2022**

The directors are responsible for preparing the Group 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Auditors to the Members of CSI Leasing UK Limited

Opinion

We have audited the financial statements of CSI Leasing UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, 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 group's and of the parent company affairs as at 31 December 2022 and of the group's profit 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 group 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 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 group's and the parent 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 directors are responsible for the other information. The other information comprises the information in the Group Strategic Report, the Directors' Report and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors 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 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.

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

Report of the Independent Auditors to the Members of CSI Leasing UK Limited

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 a Report of the Auditors 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.

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

- minimal reliance was placed upon the operating effectiveness of internal controls in the design and performance of our substantive procedures;
- discussions were held with management considering known or suspected non-compliance with laws, regulations and fraud;
- journal entries were reviewed for any entries made outside the ordinary reporting process with particular emphasis on those with unusual account combinations, entries crediting revenue and those without specific descriptions;
- management assumptions in their significant accounting estimates were challenged and scrutinised.

There are inherent limitations in the audit procedures described above, 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 would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one from resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 Report of the Auditors.

Report of the Independent Auditors to the Members of CSI Leasing UK Limited

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 a Report of the Auditors 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.

Robert G Hampstead (Senior Statutory Auditor)
for and on behalf of Landin Wilcock & Co
Statutory Auditor
68 Queen Street
Sheffield
South Yorkshire
S1 1WR

29 September 2023

**Consolidated
Income Statement
for the year ended 31 December 2022**

	Notes	2022 £	2021 £
TURNOVER		62,415,841	49,579,048
Cost of sales		(45,552,374)	(36,292,378)
GROSS PROFIT		16,863,467	13,286,670
Administrative expenses		(7,985,187)	(7,295,504)
		8,878,280	5,991,166
Other operating income		135,000	135,000
OPERATING PROFIT	4	9,013,280	6,126,166
Interest receivable and similar income		433,043	358,737
		9,446,323	6,484,903
Interest payable and similar expenses	5	(3,091,201)	(2,226,283)
PROFIT BEFORE TAXATION		6,355,122	4,258,620
Tax on profit	6	(1,471,722)	(951,494)
PROFIT FOR THE FINANCIAL YEAR		4,883,400	3,307,126
Profit attributable to: Owners of the parent		4,883,400	3,307,126

The notes form part of these financial statements

CSI Leasing UK Limited (Registered number: 03693534)

**Consolidated
Other Comprehensive Income
for the year ended 31 December 2022**

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		4,883,400	3,307,126
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>4,883,400</u>	<u>3,307,126</u>
Total comprehensive income attributable to: Owners of the parent		<u>4,883,400</u>	<u>3,307,126</u>

The notes form part of these financial statements

Consolidated Balance Sheet
31 December 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	8	4,696,096	4,672,874
Tangible assets	9	27,429,893	20,538,327
Investments	10	-	-
		<u>32,125,989</u>	<u>25,211,201</u>
CURRENT ASSETS			
Stocks	11	20,882,469	12,719,081
Debtors: amounts falling due within one year	12	26,099,320	23,455,582
Debtors: amounts falling due after more than one year	12	34,823,262	19,567,151
Cash at bank		<u>4,014,792</u>	<u>4,518,671</u>
		85,819,843	60,260,485
CREDITORS			
Amounts falling due within one year	13	<u>(60,442,057)</u>	<u>(36,703,509)</u>
NET CURRENT ASSETS		<u>25,377,786</u>	<u>23,556,976</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		57,503,775	48,768,177
CREDITORS			
Amounts falling due after more than one year	14	<u>(31,289,282)</u>	<u>(27,518,522)</u>
PROVISIONS FOR LIABILITIES	18	<u>(160,692)</u>	<u>(79,254)</u>
NET ASSETS		<u>26,053,801</u>	<u>21,170,401</u>
CAPITAL AND RESERVES			
Called up share capital	19	100	100
Capital contribution	20	1,863,676	1,863,676
Retained earnings	20	<u>24,190,025</u>	<u>19,306,625</u>
SHAREHOLDERS' FUNDS		<u>26,053,801</u>	<u>21,170,401</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2023 and were signed on its behalf by:

I R Shaw - Director

The notes form part of these financial statements

Company Balance Sheet
31 December 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	8	-	-
Tangible assets	9	26,642,684	20,074,375
Investments	10	7,409,416	6,556,769
		<u>34,052,100</u>	<u>26,631,144</u>
CURRENT ASSETS			
Stocks	11	17,592,137	7,887,354
Debtors: amounts falling due within one year	12	24,952,251	22,812,172
Debtors: amounts falling due after more than one year	12	34,670,373	19,522,823
Cash at bank		2,106,786	2,990,045
		<u>79,321,547</u>	<u>53,212,394</u>
CREDITORS			
Amounts falling due within one year	13	(62,526,144)	(35,898,614)
NET CURRENT ASSETS		<u>16,795,403</u>	<u>17,313,780</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		50,847,503	43,944,924
CREDITORS			
Amounts falling due after more than one year	14	(31,289,282)	(26,848,627)
NET ASSETS		<u>19,558,221</u>	<u>17,096,297</u>
CAPITAL AND RESERVES			
Called up share capital	19	100	100
Capital contribution	20	1,863,676	1,863,676
Retained earnings	20	17,694,445	15,232,521
SHAREHOLDERS' FUNDS		<u>19,558,221</u>	<u>17,096,297</u>
Company's profit for the financial year		<u>2,461,924</u>	<u>1,491,139</u>

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

.....
I R Shaw - Director

The notes form part of these financial statements

Consolidated Statement of Changes in Equity
for the year ended 31 December 2022

	Called up share capital £	Retained earnings £	Capital contribution £	Total equity £
Balance at 1 January 2021	100	15,999,499	1,863,676	17,863,275
Changes in equity				
Total comprehensive income	-	3,307,126	-	3,307,126
Balance at 31 December 2021	100	19,306,625	1,863,676	21,170,401
Changes in equity				
Total comprehensive income	-	4,883,400	-	4,883,400
Balance at 31 December 2022	100	24,190,025	1,863,676	26,053,801

The notes form part of these financial statements

Company Statement of Changes in Equity
for the year ended 31 December 2022

	Called up share capital £	Retained earnings £	Capital contribution £	Total equity £
Balance at 1 January 2021	100	13,741,382	1,863,676	15,605,158
Changes in equity				
Total comprehensive income	-	1,491,139	-	1,491,139
Balance at 31 December 2021	<u>100</u>	<u>15,232,521</u>	<u>1,863,676</u>	<u>17,096,297</u>
Changes in equity				
Total comprehensive income	-	2,461,924	-	2,461,924
Balance at 31 December 2022	<u>100</u>	<u>17,694,445</u>	<u>1,863,676</u>	<u>19,558,221</u>

The notes form part of these financial statements

**Consolidated Cash Flow Statement
for the year ended 31 December 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	13,481,517	6,176,074
Interest paid		(2,858,597)	(1,863,602)
Tax paid		(1,362,319)	(467,329)
Net cash from operating activities		9,260,601	3,845,143
Cash flows from investing activities			
Purchase of intangible fixed assets		(62,555)	(2,795)
Purchase of tangible fixed assets		(22,190,610)	(16,225,724)
Purchase of fixed asset investments		(518,508)	(857,534)
Sale of tangible fixed assets		1,994,774	1,898,604
Interest received		433,043	358,737
Net cash from investing activities		(20,343,856)	(14,828,712)
Cash flows from financing activities			
Movement in non-recourse loan balances		10,579,376	14,524,092
Net cash from financing activities		10,579,376	14,524,092
(Decrease)/increase in cash and cash equivalents		(503,879)	3,540,523
Cash and cash equivalents at beginning of year	2	4,518,671	978,148
Cash and cash equivalents at end of year	2	4,014,792	4,518,671

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the year ended 31 December 2022**

1

RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS		
	2022 £	2021 £
Profit before taxation	6,355,122	4,258,620
Depreciation charges	14,196,521	11,692,892
Profit on disposal of fixed assets	(271)	(708)
Increase/(Decrease) in provisions	-	(570,184)
Remeasurement of deferred consideration	-	367,703
Finance costs	3,091,201	2,226,283
Finance income	(433,043)	(358,737)
	<u>23,209,530</u>	<u>17,615,869</u>
Increase in stocks	(8,163,388)	(7,118,728)
Increase in trade and other debtors	(17,899,849)	(7,004,928)
Increase in trade and other creditors	<u>16,335,224</u>	<u>2,683,861</u>
Cash generated from operations	<u><u>13,481,517</u></u>	<u><u>6,176,074</u></u>

2.

CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2022	31/12/22 £	1/1/22 £
Cash and cash equivalents	<u>4,014,792</u>	<u>4,518,671</u>

Year ended 31 December 2021	31/12/21 £	1/1/21 £
Cash and cash equivalents	<u>4,518,671</u>	<u>978,148</u>

3.

ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/22 £	Cash flow £	At 31/12/22 £
Net cash			
Cash at bank	<u>4,518,671</u>	<u>(503,879)</u>	<u>4,014,792</u>
	<u>4,518,671</u>	<u>(503,879)</u>	<u>4,014,792</u>
Debt			
Debts falling due within 1 year	(23,531,817)	(3,842,152)	(27,373,969)
Debts falling due after 1 year	(24,552,058)	(6,737,224)	(31,289,282)
	<u>(48,083,875)</u>	<u>(10,579,376)</u>	<u>(58,663,251)</u>
Total	<u><u>(43,565,204)</u></u>	<u><u>(11,083,255)</u></u>	<u><u>(54,648,459)</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the year ended 31 December 2022**

1. STATUTORY INFORMATION

CSI Leasing UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £1.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2022.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Significant judgements and estimates

The company has recognised a provision in respect of the costs of future repairs which it may incur in respect of historical supplies of equipment where it has a contractual obligation to the customer to undertake repairs on the customer's behalf. The directors have used their judgement along with current and historical data to estimate the expected costs.

Critical accounting judgements and key sources of estimation uncertainty

Judgement is required in the classification of a lease between a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. A lease that is not a finance lease is an operating lease. The previous accounting standard (SSAP21) contained a rebuttable presumption that the risks and rewards of ownership were deemed to have been transferred where the present value of the minimum lease payments was at least 90% of the fair value of the asset. FRS102 does not contain a similar presumption. However, the directors consider that the 90% test provides a reasonable basis for classifying leases, and therefore they intend to continue to apply this method of classification.

The key estimation uncertainty affecting the group is the estimated residual values of equipment at the end of a lease. Residual values are determined from a table provided by the parent company, using a combination of the type of asset and the length of lease. The table is derived from the group's vast experience of leasing IT equipment. It is updated regularly to reflect changes in the market and experiences of actual realisations.

Turnover

The group's main sources of turnover are derived from operating lease rental income, the finance charge element of finance lease rentals, the sale of goods and commission income. Turnover is shown net of Value Added Tax, sales taxes, returns, rebates and discounts, and after eliminating sales within the group.

Recognition of revenue from operating and finance leases is explained in the leasing accounting policy note.

Revenue generated from the sale of goods is recognised at the date of despatch of the goods.

Commission income on the arrangement of a lease for a third party lessor is recognised upon activation of the lease.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of ten years.

Computer software is being amortised evenly over its estimated useful life of four years.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Short leasehold	- straight line over period of lease
Equipment let under operating lease	- straight line over period of lease
Fixtures and fittings	- straight line over 2 to 7 years
Motor vehicles	- straight line over 7 years
Computer equipment & software	- straight line over 2 to 10 years

Tangible fixed assets are initially measured at cost. Subsequently, they are measured at cost less accumulated depreciation and impairment losses.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

As a lessor, the company cannot classify a lease as being either a finance lease or an operating lease until the inception of the lease. The classification is based on the ratio of the present value of lease rentals to the fair value of the equipment (as described in the critical accounting judgements accounting policy), and neither of these variables can be determined until all of the equipment has been acquired.

Equipment purchased for the purposes of leasing is therefore included within stocks until the inception of the lease, at which point the costs are transferred either to net investment in finance leases within debtors (for a finance lease) or to fixed assets (for an operating lease). Stocks held for the purposes of leasing are shown separately from stocks held for resale in the stocks note.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument. 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 asset of the company after deducting all of its liabilities.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange at the date of transaction. Foreign currency monetary items are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Leasing

Lessee

Rentals payable under operating leases are charged in the Consolidated Income Statement on a straight line basis over the lease term.

Assets held under finance leases or hire purchase agreements, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the Consolidated Income Statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Lessor

Assets held for use in operating leases are included as a separate category in fixed assets at cost and depreciated over their useful economic life. Rental income as lessor from operating leases is recognised on a straight line basis over the term of the lease.

Assets recorded in the balance sheet as finance lease receivables represent the net investment in equipment purchased by the company. These assets are reduced over the term of the lease by the amount paid by the lessee less an amount representing interest receivable on the capital balance. The interest thus arising is accounted for as follows:

- the total amounts receivable from customers, plus any estimated residual values at the end of the leases, less the costs of the equipment or contracts acquired, are recorded as unearned income at the start of the contract.
- this unearned income is subsequently released to the Consolidated Income Statement to provide an approximately constant rate of return on the balance of the contract outstanding.

Initial direct costs in setting up a lease are charged to the Consolidated Income Statement over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Going concern

The group has continued to trade profitably. The directors expect the group to continue trading for the foreseeable future and have no concerns about the continuing availability of non-recourse loan finance to support new lease origination. The financial statements have therefore been prepared on a going concern basis.

3. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	4,009,358	3,638,908
Social security costs	531,700	532,141
Other pension costs	77,113	52,907
	<u>4,618,171</u>	<u>4,223,956</u>

The average number of employees during the year was as follows:

	2022	2021
Executive directors	5	5
Administration and support	72	63
	<u>77</u>	<u>68</u>

	2022	2021
	£	£
Directors' remuneration	841,435	1,088,544
Directors' pension contributions to money purchase schemes	6,272	5,892
	<u>847,707</u>	<u>1,094,436</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	319,999	335,309
Pension contributions to money purchase schemes	-	1,319
	<u>319,999</u>	<u>336,628</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

4. OPERATING PROFIT

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

	2022	2021
	£	£
Other operating leases	260,080	207,248
Depreciation - owned assets	13,304,541	11,224,619
Profit on disposal of fixed assets	(271)	(708)
Goodwill amortisation	874,880	448,556
Patents and licences amortisation	800	800
Computer software amortisation	16,300	18,917
Auditors' remuneration	49,378	52,665
Foreign exchange differences	63,996	163,319
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank interest	411	-
Group interest	380,761	258,982
Non-recourse and recourse loan interest	2,579,718	1,697,636
Other interest	130,311	269,665
	<u> </u>	<u> </u>
	<u>3,091,201</u>	<u>2,226,283</u>

6. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	1,390,284	944,763
Deferred tax	81,438	6,731
Tax on profit	<u>1,471,722</u>	<u>951,494</u>

UK corporation tax has been charged at 19% (2021 - 19%).

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

6. TAXATION - continued**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Profit before tax	6,355,122	4,258,620
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,207,473	809,138
Effects of:		
Expenses not deductible for tax purposes	27,148	120,147
Adjustments to tax charge in respect of previous periods	-	(2,034)
group companies in respect of		
Difference in tax rates on timing differences	1,239	(2,911)
Amortisation of goodwill arising on consolidation	166,227	85,226
Other adjustments	69,635	(1)
Group relief claimed	-	(58,071)
Total tax charge	1,471,722	951,494

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

8. INTANGIBLE FIXED ASSETS**Group**

	Goodwill	Patents and licences	Computer software	Totals
	£	£	£	£
COST				
At 1 January 2022	6,705,270	4,800	144,499	6,854,569
Additions	852,647	-	62,555	915,202
At 31 December 2022	7,557,917	4,800	207,054	7,769,771
AMORTISATION				
At 1 January 2022	2,066,821	3,200	111,674	2,181,695
Amortisation for year	874,880	800	16,300	891,980
At 31 December 2022	2,941,701	4,000	127,974	3,073,675
NET BOOK VALUE				
At 31 December 2022	4,616,216	800	79,080	4,696,096
At 31 December 2021	4,638,449	1,600	32,825	4,672,874

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

8. INTANGIBLE FIXED ASSETS - continued

Group

Individually material intangible assets:

Goodwill - EPC Global Solutions UK Ltd

The carrying amount of this asset is £1,947,110 (2021 - £1,947,110). The company has received a guarantee from its parent company, CSI Leasing Inc, in support of the carrying value of the goodwill arising on the acquisition of EPC Global Solutions UK Ltd. If the proceeds arising on a sale or winding up of EPC Global Solutions UK Ltd are less than the current carrying value in the accounts, then CSI Leasing Inc has guaranteed to pay the amount of the shortfall on demand to CSI Leasing UK Limited. The guarantee shall remain in force indefinitely, but may be revoked with no less than 12 months prior notice. The directors consider that, given the parent company guarantee, the useful economic life is indefinite and therefore the goodwill is not currently amortised.

Goodwill - Freedom Tech Limited

The carrying amount of this asset is £2,669,106 (2021 - £2,691,339). The company was acquired on 21 December 2017.

The directors consider the useful economic life of the goodwill to be 10 years.

9. TANGIBLE FIXED ASSETS

Group

	Short leasehold £	Equipment let under operating lease £	Fixtures and fittings £
COST			
At 1 January 2022	72,618	40,934,832	532,734
Additions	-	22,097,713	33,615
Disposals	-	(12,699,433)	(10,437)
At 31 December 2022	72,618	50,333,112	555,912
DEPRECIATION			
At 1 January 2022	70,481	20,955,221	394,190
Charge for year	2,137	13,025,012	59,486
Eliminated on disposal	-	(10,709,635)	(10,434)
At 31 December 2022	72,618	23,270,598	443,242
NET BOOK VALUE			
At 31 December 2022	-	27,062,514	112,670
At 31 December 2021	2,137	19,979,611	138,544

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

9. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment & software £	Totals £
COST			
At 1 January 2022	180,254	938,316	42,658,754
Additions	-	59,282	22,190,610
Disposals	-	(63,292)	(12,773,162)
At 31 December 2022	180,254	934,306	52,076,202
DEPRECIATION			
At 1 January 2022	149,950	550,585	22,120,427
Charge for year	5,556	212,350	13,304,541
Eliminated on disposal	-	(58,590)	(10,778,659)
At 31 December 2022	155,506	704,345	24,646,309
NET BOOK VALUE			
At 31 December 2022	24,748	229,961	27,429,893
At 31 December 2021	30,304	387,731	20,538,327

Company

	Short leasehold £	Equipment let under operating lease £	Fixtures and fittings £	Computer equipment & software £	Totals £
COST					
At 1 January 2022	72,618	40,776,873	70,093	489,970	41,409,554
Additions	-	20,466,522	1,316	23,534	20,491,372
Disposals	-	(11,892,306)	(9,315)	(54,888)	(11,956,509)
At 31 December 2022	72,618	49,351,089	62,094	458,616	49,944,417
DEPRECIATION					
At 1 January 2022	70,481	20,843,539	36,464	384,695	21,335,179
Charge for year	2,137	12,565,557	11,845	60,196	12,639,735
Eliminated on disposal	-	(10,609,107)	(9,312)	(54,762)	(10,673,181)
At 31 December 2022	72,618	22,799,989	38,997	390,129	23,301,733
NET BOOK VALUE					
At 31 December 2022	-	26,551,100	23,097	68,487	26,642,684
At 31 December 2021	2,137	19,933,334	33,629	105,275	20,074,375

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

10. **FIXED ASSET INVESTMENTS**

Company	Shares in group undertakings £
COSI	
At 1 January 2022	6,880,002
Additions	852,647
	<u>7,732,649</u>
At 31 December 2022	
PROVISIONS	
At 1 January 2022	
and 31 December 2022	323,233
	<u>323,233</u>
NET BOOK VALUE	
At 31 December 2022	7,409,416
	<u>7,409,416</u>
At 31 December 2021	6,556,769
	<u>6,556,769</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

EPC Global Solutions UK Ltd

Registered office: 1-2 Chambers Way, Newton Chambers Road, Thorncliffe Park, Chapeltown, Sheffield, England, S35 2PH

Nature of business: Sale of computer equipment

	%
Class of shares:	holding
Ordinary	100.00

This company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2022. The company registration number is 01980926.

Freedom Tech Limited

Registered office: 1-2 Chambers Way, Newton Chambers Road, Thorncliffe Park, Chapeltown, Sheffield, England, S35 2PH

Nature of business: IT financing specialists

	%
Class of shares:	holding
Ordinary	100.00

This company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2022. The company registration number is 08063412.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

10. FIXED ASSET INVESTMENTS - continued

McKenzie Hughes Computers Limited

Registered office: 1-2 Chambers Way, Newton Chambers Road, Thorncliffe Park, Chapeltown, Sheffield, England, S35 2PH

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

11. STOCKS

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Stock held for resale	3,849,809	4,834,041	-	2,314
Stock held for leasing	17,032,660	7,885,040	17,592,137	7,885,040
	<u>20,882,469</u>	<u>12,719,081</u>	<u>17,592,137</u>	<u>7,887,354</u>

12. DEBTORS

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,694,852	203,430	289,478	-
Amounts owed by group undertakings	11,957	4,811,464	50,911	4,772,330
Amounts receivable in respect of finance leases	20,128,717	16,732,333	19,860,346	16,496,427
Other lease receivables	1,006,361	762,421	1,006,361	762,421
Other debtors	730,407	724,551	1,284,254	530,958
Loans	1,965,147	-	1,965,147	-
Deferred tax asset	-	-	82,487	92,803
Prepayments	561,879	221,383	413,267	157,233
	<u>26,099,320</u>	<u>23,455,582</u>	<u>24,952,251</u>	<u>22,812,172</u>
Amounts falling due after more than one year:				
Amounts receivable in respect of finance leases	28,112,257	19,553,951	27,972,568	19,522,823
Other debtors	13,200	13,200	-	-
Loans	6,697,805	-	6,697,805	-
	<u>34,823,262</u>	<u>19,567,151</u>	<u>34,670,373</u>	<u>19,522,823</u>
Aggregate amounts	<u>60,922,582</u>	<u>43,022,733</u>	<u>59,622,624</u>	<u>42,334,995</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Other loans (see note 15)	27,373,969	23,531,817	27,373,969	23,531,817
Trade creditors	15,000,623	6,917,354	12,459,174	5,419,129
Amounts owed to group undertakings	7,884,098	140,408	15,596,548	2,570,071
Tax	984,461	956,496	597,731	847,305
Social security and other taxes	171,213	114,470	120,375	63,335
VAT	-	251,729	-	316,845
Other creditors	116,066	130,712	-	-
Deferred consideration	3,000,000	518,508	3,000,000	518,508
Deferred income	413,001	277,180	413,001	277,180
Accrued expenses	5,498,626	3,864,835	2,965,346	2,354,424
	<u>60,442,057</u>	<u>36,703,509</u>	<u>62,526,144</u>	<u>35,898,614</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Other loans (see note 15)	31,289,282	24,552,058	31,289,282	24,552,058
Deferred consideration 2-5 years	-	2,045,098	-	2,045,098
Deferred income	-	251,471	-	251,471
Accruals and deferred income	-	669,895	-	-
	<u>31,289,282</u>	<u>27,518,522</u>	<u>31,289,282</u>	<u>26,848,627</u>

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year or on demand:				
Non-recourse loans	<u>27,373,969</u>	<u>23,531,817</u>	<u>27,373,969</u>	<u>23,531,817</u>
Amounts falling due between one and two years:				
Non-recourse loans 1-2 years	<u>18,758,208</u>	<u>14,724,755</u>	<u>18,758,208</u>	<u>14,724,755</u>
Amounts falling due between two and five years:				
Non-recourse loans 2-5 years	<u>12,531,074</u>	<u>9,827,303</u>	<u>12,531,074</u>	<u>9,827,303</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

Group

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	173,044	52,444
Between one and five years	585,912	-
	<u>758,956</u>	<u>52,444</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Non-recourse loans	<u>58,663,251</u>	<u>48,083,875</u>	<u>58,663,251</u>	<u>48,083,875</u>

The non-recourse loans are provided to CSI Leasing UK Limited against the securitised payment stream of the individual leases, together with a charge on the underlying equipment subject to the individual leases. Title to the equipment remains with CSI Leasing UK Limited as lessor. The loans are advanced to the company on a non-recourse basis such that any financial failure of the ultimate lessee is without liability or recourse to the company as lessor.

18. PROVISIONS FOR LIABILITIES

	Group	
	2022	2021
	£	£
Deferred tax		
Accelerated capital allowances	<u>160,692</u>	<u>79,254</u>
Group		
		Deferred tax
		£
Balance at 1 January 2022		79,254
Charge to Income Statement during year		<u>81,438</u>
Balance at 31 December 2022		<u>160,692</u>
Company		
		Deferred tax
		£
Balance at 1 January 2022		(92,803)
Charge to Income Statement during year		<u>10,316</u>
Balance at 31 December 2022		<u>(82,487)</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

20. RESERVES

Group

	Retained earnings £	Capital contribution £	Totals £
At 1 January 2022	19,306,625	1,863,676	21,170,301
Profit for the year	4,883,400	-	4,883,400
At 31 December 2022	<u>24,190,025</u>	<u>1,863,676</u>	<u>26,053,701</u>

Company

	Retained earnings £	Capital contribution £	Totals £
At 1 January 2022	15,232,521	1,863,676	17,096,197
Profit for the year	2,461,924	-	2,461,924
At 31 December 2022	<u>17,694,445</u>	<u>1,863,676</u>	<u>19,558,121</u>

Retained earnings represents all current and prior period retained profits and losses.

The capital contribution was made to CSI Leasing UK Limited by its immediate parent, CSI Leasing Inc, without any obligation to repay it. The reserve is a distributable reserve.

21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Tokyo Century Corporation (incorporated in Japan) is regarded by the directors as being the company's ultimate parent company.

The company's immediate parent is CSI Leasing Inc (incorporated in USA), and represents the smallest group for which group accounts are drawn up and of which the company is a member.

The most senior parent entity producing publicly available financial statements is Tokyo Century Corporation. These financial statements are available upon request from FUJISOFT Building, 3 Kanda-neribeicho, Chiyoda-ku, Tokyo, 101-0022, Japan.

Tokyo Century Corporation itself does not have a single controlling party, and is therefore considered by the directors to be the ultimate controlling party of CSI Leasing UK Limited.

22. RELATED PARTY DISCLOSURES

During the year, a total of key management personnel compensation of £847,707 (2021 - £1,094,436) was paid.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

22. **RELATED PARTY DISCLOSURES - continued**

The company considers that its key management personnel are the directors. Further details in respect of directors' remuneration are disclosed in Note 3.

23. **FINANCE LEASES - LESSOR**

Group

The amount of the net investment in a finance lease is determined as shown in the following table:

	31 December 2022	31 December 2021
Minimum lease payments	49,892,123	36,907,140
Unguaranteed residual value	3,967,582	2,921,045
Gross investment	53,859,705	39,828,185
Unearned finance income	(5,618,732)	(3,541,901)
Net investment (present value of minimum lease payments)	48,240,973	36,286,284

The gross investment amount and the present value of payable minimum lease payments are shown in the following table:

	31 December 2022		31 December 2021	
Maturity	Gross investment in lease	Present value of minimum lease payments	Gross investment in lease	Present value of minimum lease payments
Not later than one year	22,834,527	20,128,716	18,678,674	16,732,333
Later than one year and not later than five years	31,025,178	28,112,257	21,149,511	19,553,951
	53,859,705	48,240,973	39,828,185	36,286,284

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2022

Company

The amount of the net investment in a finance lease is determined as shown in the following table:

	31 December 2022 £	31 December 2021 £
Minimum lease payments	49,422,583	36,634,352
Unguaranteed residual value	3,958,371	2,913,906
Gross investment	53,380,954	39,548,258
Unearned finance income	(5,548,040)	(3,529,008)
Net investment (present value of minimum lease payments)	47,832,914	36,019,250

The gross investment amount and the present value of payable minimum lease payments are shown in the following table:

	31 December 2022		31 December 2021	
Maturity	Gross investment in lease	Present value of minimum lease payments	Gross investment in lease	Present value of minimum lease payments
Not later than one year	22,532,310	19,860,346	18,432,419	16,496,427
Later than one year and not later than five years	30,848,644	27,972,568	21,115,839	19,522,823
	53,380,954	47,832,914	39,548,258	36,019,250

24. **OPERATING LEASES - LESSOR**

Group and company

The total of future minimum lease payments is as follows:

	31 December 2022 £	31 December 2021 £
Not later than one year	11,892,835	8,550,327
Later than one year and not later than five years	9,279,662	7,077,387
Later than five years	-	-
	21,172,497	15,627,714

Total contingent rents recognised as income in the period are £nil (2021 - £nil).