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Conister Finance & Leasing Ltd

Directors' report and financial statements
For the year ended 31 December 2020

Company Registration Number: 077828C

Company number **FC024114**
UK Establishment **BR007991**
UK Establishment **BR023349**

Contents

Conister Finance & Leasing Ltd
Directors' Report
For the year ended 31 December 2020

The Directors have pleasure in submitting their annual report and audited financial statements for the year ended 31 December 2020.

ACTIVITY
The principal activity of Conister Finance & Leasing Ltd ("Company") is the brokerage and servicing of hire purchase and leasing finance facilities in the United Kingdom.

INCORPORATION
The Company was incorporated on 26 February 1996.

RESULTS
The profit before taxation for the year was £259,435 (2019: £176,076).

DIVIDENDS
The Directors do not recommend the payment of a final dividend (2019: £nil). No interim dividend has been paid (2019: £nil).

COMPANY INFORMATION
The Company is registered in the Isle of Man and is limited by shares.

DIRECTORS
The Directors during the year and to date were:

D Eke
D Grant
K Hunter
H Qureshi
J Smeed
J Davies (Resigned: 6 August 2020)

COMPANY SECRETARY
L Crossley

INDEPENDENT AUDITOR
KPMG Audit LLC, being eligible, has expressed its willingness to continue in office in accordance with Section 12 (2) of the Isle of Man Companies Act 1982.

By order of the Board

L. A. Crossley

L Crossley
Company Secretary
Clarendon House
Victoria Street
Douglas
Isle of Man
IM1 2LN

24 February 2021

Conister Finance & Leasing Ltd
Statement of Directors' Responsibilities
in respect of the Directors' Report and the financial statements
for the year ended 31 December 2020

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, as applicable to an Isle of Man Company.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Our opinion is unmodified
We have audited the financial statements of Conister Finance & Leasing Ltd ("Company") for the year ended 31 December 2020 which comprise the Profit and Loss Account and Retained Earnings, Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Acts 1931 to 2004.

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

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

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations - ability to detect
Identifying and responding to risks of material misstatement due to fraud
To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Fraud and breaches of laws and regulations - ability to detect (continued)
Identifying and responding to risks of material misstatement due to fraud (continued)
Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of litigation or impacts on the Company's ability to operate. We identified Company law as being the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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, 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.

We have nothing to report on other matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept and proper 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 books of account 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.

Respective responsibilities
Directors' responsibilities
As explained more fully in their statement set out on page 2, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Respective responsibilities (continued)

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's member

This report is made solely to the Company's member, in accordance with section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, as a body, for our audit work, for this report, or for the opinions we have formed.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM1 1LA

~~25 February~~ 2021
3 March

Conister Finance & Leasing Ltd
Balance Sheet
As at 31 December

	Note	2020 £	2020 £	2019 £	2019 £
FIXED ASSETS					
Tangible assets	5		**22,501**		23,707
Intangible assets	6		**45,659**		45,799
Loans and receivables	7		**-**		1,650,315
			68,160		1,719,821
CURRENT ASSETS					
Cash at bank		**867,402**		2,541,824	
Debtors and prepayments	8	**61,158**		82,006	
Amounts due from Group undertakings	9	**353,096**		500,977	
		1,281,656		3,124,807	
CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR	10	**(448,081)**		(4,192,067)	
NET CURRENT ASSETS / (LIABILITIES)			**833,575**		(1,067,260)
TOTAL ASSETS LESS CURRENT LIABILITIES			**901,735**		652,561
NET ASSETS			**901,735**		652,561
CAPITAL AND RESERVES					
Share capital	11		**1**		1
Profit and loss account			**901,734**		652,560
EQUITY SHAREHOLDER'S FUNDS	12		**901,735**		652,561

These financial statements were approved by the Board of Directors on 24 February 2021 and signed on their behalf by:

D Eke — Chairman

D Grant — Director

J Smeed — Director

The notes on pages 9 to 14 form part of these financial statements.

The company's annual accounts and reports have been delivered in accordance with the provisions to companies subject to the small companies regime.

As permitted by Section 444 of the Companies Act 2006, the directors have not delivered to the Registrar a copy of the company's profit and loss account for the year ended 2020.

1 ACCOUNTING POLICIES

1.1 CONVENTION

The financial statements and related notes have been prepared in accordance with applicable law and UK Accounting Standards including FRS 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"), as applicable to an Isle of Man company. These financial statements are prepared on the historical cost basis and a going concern basis. The presentation currency of these financial statements is pounds sterling. The accounting policies set out below have been applied consistently, unless otherwise stated, to all periods presented in these financial statements.

The Company has taken advantage of the exemption in FRS 102 from the requirement to produce a cash flow statement, certain financial instrument disclosures, key management personnel compensation and intra-group related party disclosures on the grounds that it is a qualifying company (for the purposes of FRS 102). The Company's Ultimate Holding Company (see Note 14) provides these disclosures and are available from its website www.mfg.im for the benefit of the public.

The presentation of certain comparative balances has been reclassified to accord with the presentation in the current reporting period.

1.2 INCOME

Interest income is recognised in the profit and loss account using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts of the financial instrument to the net carrying amount of the financial asset. The discount period is the expected life or, where appropriate, a shorter period. The calculation includes all amounts receivable by the Company that are an integral part of the overall return, including origination fees, loan incentives, broker fees payable, estimated early repayment charges, balloon payments and all other premiums and discounts. It also includes direct incremental transaction costs related to the acquisition or issue of the financial instrument. The calculation does not consider future credit losses.

Fee and commission income, which is receivable in respect of the introduction of customers seeking finance facilities to the parent company to administer and enforce, is recognised in full in the profit and loss account.

1.3 TANGIBLE ASSETS

Tangible assets are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual values, over the expected useful lives. The useful lives of the tangible assets are estimated as follows:

IT equipment	5 years

1.4 INTANGIBLE ASSETS

Intangible assets that are acquired by an entity and having finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets acquired as part of a business combination are measured at fair value. Assets are amortised on a straight-line basis, so as to write off the book value over their estimated useful lives.

The useful lives of the intangible assets are estimated as follows:

Computer software	5 years

1.5 IMPAIRMENT OF FIXED ASSETS

At each reporting period end date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 FINANCIAL INSTRUMENTS

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

1.7 IMPAIRMENT OF LOANS AND RECEIVABLES

The Company assesses at each balance sheet date whether there is objective evidence that loans and receivables are impaired. Loans and receivables are reviewed for impairment where there are repayment arrears and doubt exists regarding recoverability. The impairment allowance is based on the level of arrears together with an assessment of the expected future cash flows and the value of any underlying collateral after taking into account any irrecoverable interest due. Amounts are written off when it is considered that there is no further prospect of recovery. Where past experience has indicated that over time, a particular category of financial assets has suffered a trend of impairment losses, a collective impairment allowance is made for expected losses to reflect the continuing historical trend.

1.8 EQUITY INSTRUMENTS

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

1.9 LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.10 TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.11 EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 RETIREMENT BENEFITS

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

5 TANGIBLE FIXED ASSETS

	Computer hardware £
Cost	
As at 1 January 2020	29,424
Additions	7,517
Disposals	-
As at 31 December 2020	36,941
Depreciation	
As at 1 January 2020	5,717
Charge for year	8,723
Disposals	-
As at 31 December 2020	14,440
Net book value as at 31 December 2020	22,501
Net book value as at 31 December 2019	23,707

6 INTANGIBLE ASSETS

	Computer software £
Cost	
As at 1 January 2020	58,909
Additions	13,117
Disposals	-
As at 31 December 2020	72,026
Amortisation	
As at 1 January 2020	13,110
Charge for year	13,257
Disposals	-
As at 31 December 2020	26,367
Net book value as at 31 December 2020	45,659
Net book value as at 31 December 2019	45,799

7 LOANS AND RECEIVABLES

	2020 £	2019 £
Falling due within 12 months	-	1,650,315
Total loans and receivables	-	1,650,315

8 DEBTORS AND PREPAYMENTS

	2020 £	2019 £
Prepayments	50,251	33,584
Trade debtors	10,907	48,422
	61,158	82,006

9 **AMOUNTS DUE FROM AND TO GROUP UNDERTAKINGS**

The amounts due from and to Group undertakings are unsecured, interest-free and repayable on demand.

10 **CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR**

	2020 £	2019 £
Trade creditors	**2,481**	57,060
Tax creditor	**15,045**	38,494
Amounts due to parent company	**408,836**	4,096,513
Amounts due to Group undertakings (see note 9)	**21,719**	-
	448,081	4,192,067

The amounts due to the parent company are unsecured, yield interest at 6% per annum and repayable on demand. It is expected that the parent company will continue to make the loan available until the Company has sufficient funds to repay.

11 **SHARE CAPITAL**

	2020 £	2019 £
Authorised ordinary shares of £1 each	**2,000**	2,000
Issued ordinary share of £1 each	**1**	1

12 **RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDER'S FUNDS**

	2020 £	2019 £
Opening Shareholder's funds	**652,561**	510,195
Profit for the year	**249,174**	142,366
Closing Shareholder's funds	**901,735**	652,561

13 **RELATED PARTY TRANSACTIONS**

At 31 December 2020 and 31 December 2019, the Company is ultimately controlled by Manx Financial Group PLC and is exempt from disclosing transactions with it and other Group undertakings under FRS 102.

14 **PARENT AND ULTIMATE HOLDING COMPANY**

At 31 December 2020 and 31 December 2019, the Company was a wholly owned subsidiary of Conister Bank Limited, Clarendon House, Victoria Street, Douglas, Isle of Man, IM1 2LN. The Ultimate Holding Company is Manx Financial Group PLC, which is registered at the same address as the parent company.

15 **SUBSEQUENT EVENTS**

There were no subsequent events occurring after 31 December 2020.