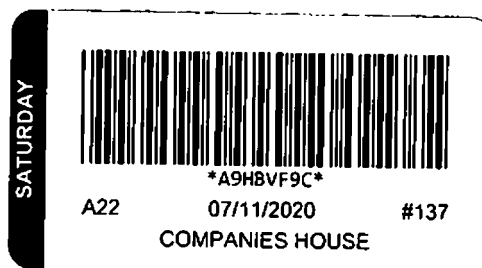


Company Registration No. 7376100 (England and Wales)

RIVERS LEASING PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



RIVERS LEASING PLC

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | R Daryani M D Friend S C Bassett |
| Secretary | J Nicholson |
| Company number | 7376100 |
| Registered office | Amba House 5th Floor 15 College Road Harrow Middlesex HA1 1BA |
| Auditor | KLSA LLP Kalamu House 11 Coldbath Square London EC1R 5HL |
| Bankers | Natwest Bank PLC City of London Office 1 Princess Street London EC2R 8BP |
| Solicitors | Bermans LLP Cardinal House 20 St Mary's Prsonage Manchester M3 2LY |

RIVERS LEASING PLC

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RIVERS LEASING PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Business review

The Directors are pleased with continued growth of the business over the past year, with assets acquired for the purpose of letting under finance lease or business loans being £13.2 million in 2020 compared to £14 million in 2019. Gross profit for the year has increased from £2,607,492 in the prior year to £3,022,870 in the current year and operating profit before interest charges up by £223,476 to £1,781,972, decrease of 14.3%. The company incurred a loss before tax of £152,746 compared to a profit of £340,775 in the prior year. The loss incurred for the year was resulting from bad debt written off amounting to £931,952 (2019: £462,953); an amount of £402,248 was an exceptional write off from the impact of COVID-19 on the customers.

The net assets position decreased from £629,712 in prior year to £356,966 at the year-end.

The directors considered the results at the year end to be satisfactory given the current climate and challenges posed by the COVID-19 pandemic. They intend to pursue strategies that would enhance the growth of the company and result in improved performance.

Principal risks and uncertainties

The Directors have considered the principal risks and uncertainties facing the company and they continue to assess the significant on going and emerging risks facing the business which fall broadly into the following four categories; strategic/commercial, operational, systems and financial risks.

The Directors are focused on growth of the business within the context of robust risk management framework and have set a clearly defined credit policy with prescriptive underwriting guidelines which are reviewed and updated regularly.

The recent outbreak and global spread of the COVID-19 is having a significant and prolonged impact on global economic conditions. We have noted an adverse impact our operations. Governments and public bodies in affected countries have introduced temporary emergency public measures such as travel bans, quarantines and public lockdowns. This global pandemic is moving from an emerging risk for the business to a principal risk.

Whilst the increasing uncertainty will be challenging, to support planning for, assessment of, and mitigate, the impact of COVID-19, we will continue to:

- Fully follow all government advice for employers;
- Promote the importance of, and access to, hand hygiene facilities and social distancing;
- Review our business continuity plans;
- Update HR, technology, telephony and information policies and systems where appropriate and communicated these to all staff;
- Make changes to our recruitment and on-boarding processes so that we can continue to recruit and induct new staff;
- Revise team communications strategies to ensure that management can adequately supervise and support employees;
- Increase employee well-being support;
- Assess our principal risks to understand their continuing relevance and what this means for delivering our strategic objectives;
- Engage key stakeholders to discuss COVID-19.

Future Development

We delivered financial results for the year 2019/20 in line with our expectations. The directors aim to continue with the management policies which have resulted in the company's steady growth. They consider that 2020/21 will be a challenging year with the impact of COVID-19 being felt on the operations. This has been further explained on page 3.

RIVERS LEASING PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Key performance indicators

The key performance indicator of the company is the level of gross receivables (including unearned future finance income on finance leases) which at the balance sheet date for the company were £27,843,821 (2019: £25,439,175).

The key non-financial performance indicators of the company are relationships with key lenders and stakeholders, and customer service satisfaction.

Section 172 statement

As per the Companies Act, it is a requirement that the director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole.

The Board of Directors is actively involved in the formulation of the company's strategy, including consideration of how decisions made will impact the long-term.

The company recognises the important role that employees play in the success of the business and ensure that the health, safety and well-being of employees is a top priority.

The Board ensures that dealings with customers, lenders and other stakeholders are fair and transparent as we recognise that they are a key part of the success of the business.

We behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance.

RIVERS LEASING PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

COVID-19 and Going concern

The directors are reviewing the impact of COVID-19 on the operations and have noted that it is having an adverse impact on the performance of the company.

Following the government's instructions to help contain the outbreak of COVID-19, some of the company's customers had to close their operations which impacted their ability to meet the repayments for the leases and loans. The management has been in communication with the customers and assisted them through measures such as reduction of instalment amounts or forbearance. The customers have obtained support through the various Government measures introduced and with the lifting of lockdown measures, they have opened their businesses and thus commenced servicing their debt.

Due to the challenges experienced in collections from customers, the company entered into loan forbearance with its block lenders and private funders in April 2020. The company has a history of meeting all obligations when they fall due and thus took this initiative to ensure that it was able to continue operations and thus repay all its debts as it monitored the performance of its customers.

The company has noted the resumption of repayments from its customers and thus has made capital and interest payments to its block funders and private lenders up to September 2020.

We have also received support from the government scheme including the Furlough scheme and deferral of vat liability with HMRC to help mitigate fixed costs of the business.

The company has also introduced measures to improve the health and safety of its stakeholders as per Government guidelines.

The directors are constantly monitoring the company's performance and have taken measures to mitigate the impact of COVID-19 on its activities.

The company has produced forecasts for the next 12 months which considers the impact of COVID-19.

With the current trading reflecting improved collections from customers and financial support from the lenders and shareholders, the expectation of the directors is that they will be able to meet the liabilities as they fall due in the next 12 months.

The financial statements are therefore prepared on a going concern basis.

On behalf of the board



R Daryani
Director

30 October 2020

RIVERS LEASING PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The director presents his report and the financial statements for the year ended 31 March 2020.

Principal activities

The Company's principal activity during the year was that of equipment leasing and the provision of business loans.

Directors

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

R Daryani
M D Friend
S C Bassett

Results and dividends

The loss for the year, after taxation, amounted to £152,746 (2019: profit of £273,386).

The directors are satisfied with the financial performance of the business.

Ordinary dividends were paid amounting to £120,000 (2019: £96,835). The Directors do not recommend payment of a further dividend for the current financial year.

Auditor

The auditor, KLSA LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement of disclosure to auditor

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

RIVERS LEASING PLC

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

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

On behalf of the board



**R Daryani
Director**

30 October 2020

RIVERS LEASING PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RIVERS LEASING PLC

Opinion

We have audited the financial statements of Rivers Leasing PLC (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

RIVERS LEASING PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RIVERS LEASING PLC

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 and 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, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

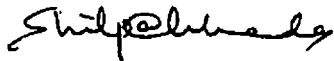
RIVERS LEASING PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RIVERS LEASING PLC

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Shilpa Chheda (Senior Statutory Auditor)
for and on behalf of KLSA LLP

30 October 2020

Chartered Accountants
Statutory Auditor

Kalamu House
11 Coldbath Square
London
EC1R 5HL

RIVERS LEASING PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

| | Notes | 2020 £ | 2019 £ |
|---|-------|------------------|------------------|
| Turnover | 3 | 4,582,399 | 3,884,408 |
| Cost of sales | | (1,559,529) | (1,276,916) |
| Gross profit | | 3,022,870 | 2,607,492 |
| Administrative expenses | | (1,240,898) | (1,048,996) |
| Operating profit | 4 | 1,781,972 | 1,558,496 |
| Interest payable and similar expenses | 7 | (1,532,470) | (1,217,721) |
| Exceptional loss on gross receivables | | (402,248) | - |
| (Loss)/profit before taxation | | (152,746) | 340,775 |
| Tax on (loss)/profit | 8 | - | (67,389) |
| (Loss)/profit for the financial year | | (152,746) | 273,386 |

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

The company has made an exceptional charge for bad debts to take into account the impact of the COVID-19 pandemic on its operations.

RIVERS LEASING PLC

BALANCE SHEET

AS AT 31 MARCH 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|--------------------|-----------------------|--------------------|-----------------------|
| Fixed assets | | | | | |
| Tangible assets | 10 | | 17,921 | | 7,279 |
| Current assets | | | | | |
| Debtors falling due after more than one year | 11 | 13,267,317 | | 13,558,712 | |
| Debtors falling due within one year | 11 | 9,961,932 | | 7,794,800 | |
| Cash at bank and in hand | | 613,510 | | 117,047 | |
| | | <u>23,842,759</u> | | <u>21,470,559</u> | |
| Creditors: amounts falling due within one year | 12 | <u>(9,105,805)</u> | | <u>(9,254,319)</u> | |
| Net current assets | | | <u>14,736,954</u> | | <u>12,216,240</u> |
| Total assets less current liabilities | | | <u>14,754,875</u> | | <u>12,223,519</u> |
| Creditors: amounts falling due after more than one year | 13 | | <u>(14,342,828)</u> | | <u>(11,538,726)</u> |
| Provisions for liabilities | 15 | | <u>(55,081)</u> | | <u>(55,081)</u> |
| Net assets | | | <u><u>356,966</u></u> | | <u><u>629,712</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 18 | | 50,000 | | 50,000 |
| Profit and loss reserves | | | 306,966 | | 579,712 |
| Total equity | | | <u><u>356,966</u></u> | | <u><u>629,712</u></u> |

The financial statements were approved by the board of directors and authorised for issue on 30 October 2020 and are signed on its behalf by:



R Daryani
Director

Company Registration No. 7376100

RIVERS LEASING PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

| | Notes | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|-------------------------------|------------|
| Balance at 1 April 2018 | | 50,000 | 403,161 | 453,161 |
| Year ended 31 March 2019: | | | | |
| Profit and total comprehensive income for the year | | - | 273,386 | 273,386 |
| Dividends | 9 | - | (96,835) | (96,835) |
| Balance at 31 March 2019 | | 50,000 | 579,712 | 629,712 |
| Year ended 31 March 2020: | | | | |
| Loss and total comprehensive income for the year | | - | (152,746) | (152,746) |
| Dividends | 9 | - | (120,000) | (120,000) |
| Balance at 31 March 2020 | | 50,000 | 306,966 | 356,966 |

RIVERS LEASING PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|------------------|---|--------------------|---|
| Cash flows from operating activities | | | | | |
| Cash absorbed by operations | 22 | (342,259) | | (2,797,282) | |
| Interest paid | | (11,807) | | (11,340) | |
| Income taxes paid | | (67,390) | | (123,593) | |
| | | | | | |
| Net cash outflow from operating activities | | (421,456) | | (2,932,215) | |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (20,233) | | (1,982) | |
| | | | | | |
| Net cash used in investing activities | | (20,233) | | (1,982) | |
| Financing activities | | | | | |
| Repayment of borrowings | | 1,058,152 | | 3,126,940 | |
| Dividends paid | | (120,000) | | (96,835) | |
| | | | | | |
| Net cash generated from financing activities | | 938,152 | | 3,030,105 | |
| | | | | | |
| Net increase in cash and cash equivalents | | 496,463 | | 95,908 | |
| | | | | | |
| Cash and cash equivalents at beginning of year | | 117,047 | | 21,139 | |
| | | | | | |
| Cash and cash equivalents at end of year | | 613,510 | | 117,047 | |

RIVERS LEASING PLC

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

1 Accounting policies

Company information

Rivers Leasing Plc is a limited company domiciled and incorporated in England and Wales. The registered office is Amba House, 15 College Road, Harrow, Middlesex, HA1 1BA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Rivers Finance Group Plc. These consolidated financial statements are available from its registered office, Amba House, 15 College Road, Harrow, Middlesex, HA1 1BA.

RIVERS LEASING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.2 Going concern

The company is financed by equity, shareholders and other loans. The company is therefore dependent upon its shareholders and other lenders for continued financial support.

At the time of approving the financial statements, the company has net current assets of £14,736,954 (2019: £12,216,240) and net assets of £356,966 (2019: £629,712).

The company entered into loan forbearance with its block funders and private lenders towards the year-end as COVID-19 impacted its customers ability to make repayments as per their agreed schedule. As per the forbearance arrangement, the company was only required to make interest payments for three months and capital payments thereafter,

In accordance with their responsibilities, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements.

The impact of COVID-19 on the operations of our business has been explained in the directors' report of these financial statements. In light of this, the directors reviewed and assessed forecast cash flows including sensitivity to trading and expenditure plans, and for the potential impact of uncertainties including Brexit and the COVID-19 pandemic. The directors also considered the company's financing facilities and future funding plans.

The shareholders will continue to provide financial support to the company as required and thus the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

In addition, the directors aren't aware of any unlikely event, conditions and business risks beyond this point that may cast a significant doubt on the company's ability to continue as a going concern.

Based on this, we confirmed that the application of the going concern basis for the preparation of the financial statements continued to be appropriate.

1.3 Turnover

Assets leased to customers on finance lease are recognised on the basis of the net investment in the lease. Finance lease income are allocated to accounting periods to give a constant periodic rate of return to the company's net cash investment in the lease in each period recognised on an actural basis. Document fees and charges are accounted for when receivable.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------|----------------------------|
| Plant and equipment | 33.33% straight line basis |
| Fixtures and fittings | 33.33% straight line basis |

RIVERS LEASING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Arrangement fees payable are recognised over the lending period of the debt.

1.6 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.

1.7 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to the related parties and investments in the non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade receivable or payable, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instruments constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 is found, an impairment loss is recognised in the income statement.

For financial asset measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring an impairment loss is the current effective interest rate determined under the contract

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset, and the net amounts reported in the balance sheet 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.

RIVERS LEASING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include short term debtors and cash and bank balances.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loan 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.

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

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

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.

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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.9 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 year. 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 years 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.

RIVERS LEASING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.10 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.

1.11 Retirement benefits

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

1.12 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 carrying amount.
Commission fees paid to brokers are spread over 2 years.

RIVERS LEASING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

We have exercised judgement in evaluating the impact of COVID-19 on the financial statements.

Critical judgements

The following judgements (apart from those involving estimates) made by the directors have had the most significant effect on amounts recognised in the financial statements.

Classification of leases

Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Impairment of debtors

The recoverability of debtors is reviewed on a monthly basis and a provision is made for debtors that have defaulted and there is limited likelihood to recover the debt from a guarantor or from the sale of any repossessed asset. These provisions require judgements to be made which include the likelihood of recovery and cost of sale of the asset.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful life of property, plant and equipment

Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

3 Turnover and other revenue

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

| | 2020 | 2019 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Turnover | 4,582,399 | 3,884,408 |
| | <u> </u> | <u> </u> |

All turnover arose within the United Kingdom.

RIVERS LEASING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

4 Operating profit

| | 2020 | 2019 |
|---|-------|-------|
| | £ | £ |
| Operating profit for the year is stated after charging: | | |
| Depreciation of owned tangible fixed assets | 9,591 | 8,285 |

5 Auditor's remuneration

| | 2020 | 2019 |
|---|--------|--------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the company | 10,000 | 10,000 |

6 Employees

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

| | 2020 Number | 2019 Number |
|-----------------------------|----------------|----------------|
| Average number of employees | 13 | 13 |

Their aggregate remuneration comprised:

| | 2020 £ | 2019 £ |
|-----------------------|-----------|-----------|
| Wages and salaries | 431,033 | 352,190 |
| Social security costs | 43,384 | 34,916 |
| Pension costs | 6,508 | 3,914 |
| | 480,925 | 391,020 |

7 Interest payable and similar expenses

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Interest on financial liabilities measured at amortised cost: | | |
| Interest on bank overdrafts and loans | 11,807 | 11,340 |
| Other finance costs: | | |
| Finance costs | 1,520,663 | 1,206,381 |
| | 1,532,470 | 1,217,721 |

RIVERS LEASING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

8 Taxation

| | 2020 | 2019 |
|--|------|--------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | - | 67,389 |

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

| | 2020 | 2019 |
|---|-----------|---------|
| | £ | £ |
| (Loss)/profit before taxation | (152,746) | 340,775 |
| Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | (29,022) | 64,747 |
| Tax effect of expenses that are not deductible in determining taxable profit | 1,154 | 1,444 |
| Unutilised tax losses carried forward | 13,884 | - |
| Group relief | 16,006 | - |
| Permanent capital allowances in excess of depreciation | (2,022) | - |
| Depreciation on assets not qualifying for tax allowances | - | 1,198 |
| Taxation charge for the year | - | 67,389 |

As a result of advice obtained, the company has elected to be taxed under long funding lease regime which allows the lessor to be taxed on the basis of the profits shown in the accounts and it removes the distortion of capital allowances.

9 Dividends

| | 2020 | 2019 |
|------------|---------|--------|
| | £ | £ |
| Final paid | 120,000 | 96,835 |

RIVERS LEASING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

10 Tangible fixed assets

| | Plant and equipment £ | Fixtures and fittings £ | Total £ |
|------------------------------------|-----------------------------|-------------------------------|------------|
| Cost | | | |
| At 1 April 2019 | 7,228 | 65,841 | 73,069 |
| Additions | - | 20,233 | 20,233 |
| At 31 March 2020 | 7,228 | 86,074 | 93,302 |
| Depreciation and impairment | | | |
| At 1 April 2019 | 7,228 | 58,562 | 65,790 |
| Depreciation charged in the year | - | 9,591 | 9,591 |
| At 31 March 2020 | 7,228 | 68,153 | 75,381 |
| Carrying amount | | | |
| At 31 March 2020 | - | 17,921 | 17,921 |
| At 31 March 2019 | - | 7,279 | 7,279 |

11 Debtors

| | 2020 £ | 2019 £ |
|--|------------|------------|
| Amounts falling due within one year: | | |
| Trade debtors | 9,086,217 | 6,846,622 |
| Prepayments and accrued income | 875,715 | 948,178 |
| | 9,961,932 | 7,794,800 |
| Amounts falling due after more than one year: | | |
| Trade debtors | 13,267,317 | 13,558,712 |
| Total debtors | 23,229,249 | 21,353,512 |

Included within debtors is £67,790 (2019: £109,582) of assets purchased for the purpose of letting under finance leases for which the lease commences shortly after 31 March 2020.

Included within trade debtors are net investments in finance leases and loans as analysed below:

| | 2020 £ | 2019 £ |
|---|------------|------------|
| Gross receivables from finance leases and loans: | | |
| No later than 1 year | 11,691,891 | 11,394,413 |
| Later than 1 year and no later than 5 years | 16,151,930 | 14,044,762 |

RIVERS LEASING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

| | | |
|--|-------------------|--------------------|
| 11 Debtors | | (Continued) |
| Unearned future finance income on finance leases and loans | (5,490,287) | (5,033,841) |
| | <u>22,353,534</u> | <u>20,405,334</u> |

The finance leases and loans are receivable as follows:

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | £ | £ |
| No later than 1 year | 8,624,013 | 8,672,499 |
| Later than 1 year and no later than 5 years | 13,729,521 | 11,732,845 |
| | <u>22,353,534</u> | <u>20,405,344</u> |

The cost of assets acquired for the purpose of letting under finance leases and loans was £13,285,752 (2019: £14,003,791).

All amounts are secured on the assets to which they relate.

12 Creditors: amounts falling due within one year

| | 2020 | 2019 | |
|------------------------------------|--------------|------------------|------------------|
| | £ | £ | |
| | Notes | | |
| Other borrowings | 14 | 8,327,107 | 8,548,603 |
| Trade creditors | | 313,667 | 436,890 |
| Corporation tax | | 15 | 67,405 |
| Other taxation and social security | | 306,686 | 66,266 |
| Other creditors | | 52,507 | 55,241 |
| Accruals and deferred income | | 105,823 | 79,914 |
| | | <u>9,105,805</u> | <u>9,254,319</u> |

13 Creditors: amounts falling due after more than one year

| | 2020 | 2019 | |
|------------------------------------|--------------|-------------------|-------------------|
| | £ | £ | |
| | Notes | | |
| Other borrowings | 14 | 11,830,312 | 9,030,001 |
| Amounts owed to group undertakings | | 2,512,516 | 2,508,725 |
| | | <u>14,342,828</u> | <u>11,538,726</u> |

RIVERS LEASING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

14 Loans

| | 2020 £ | 2019 £ |
|-------------------------|------------|------------|
| Other loans | 20,157,419 | 17,578,604 |
| Payable within one year | 8,327,107 | 8,548,603 |
| Payable after one year | 11,830,312 | 9,030,001 |

The outstanding amounts are repayable by either monthly or quarterly instalments over the period of the loan agreements. The loan agreements did not exceed five years from the end of the financial year ended 31 March 2020.

Other loans due within and after more than one year include £5,970,661 (2019: £6,194,458) secured by a debenture dated 2 January 2015 and a guarantee from the parent company, Rivers Finance Group Plc; and £3,203,034 (2019: £2,975,809) secured by guarantee from the director, R Daryani. Other loans due within and after more than one year of £5,862,034 (2019: £4,355,950) are unsecured.

Included within other loans are discounting loan facilities which are secured by the assignment of certain trade debtors of the company. The parent company, Rivers Finance Group Plc, and the director, R Daryani, have provided security and guarantees in respect of these loans.

The amounts owed to group undertakings are interest bearing and unsecured.

15 Provisions for liabilities

| | Notes | 2020 £ | 2019 £ |
|--------------------------|-------|-----------|-----------|
| Deferred tax liabilities | 16 | 55,081 | 55,081 |

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

| | Liabilities 2020 £ | Liabilities 2019 £ |
|--------------------------------|--------------------------|--------------------------|
| Balances: | | |
| Accelerated capital allowances | 55,081 | 55,081 |

There were no deferred tax movements in the year.

RIVERS LEASING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

| | | |
|---|-----------------|-----------------|
| 17 Retirement benefit schemes | 2020 | 2019 |
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 6,508 | 3,914 |
| | <u> </u> | <u> </u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

| | | |
|-----------------------------------|-----------------|-----------------|
| 18 Share capital | 2020 | 2019 |
| | £ | £ |
| Ordinary share capital | | |
| Issued and fully paid | | |
| 50,000 Ordinary shares of £1 each | 50,000 | 50,000 |
| | <u> </u> | <u> </u> |

19 Events after the reporting date

Approaching balance sheet date, the World Health Organization declared a pandemic on 11 March, the UK Government moved to a 'delay' phase on 12 March, announced social distancing measures on 16 March, and unprecedented 'stay at home' restrictions on 23 March. The company has therefore concluded that the necessity for large-scale government interventions (both in the UK and the other countries) in response to COVID-19 became apparent as at the balance sheet date. In reviewing the consequences of such conditions existing at the balance sheet date, we have not noted any potential adverse impact on the business.

RIVERS LEASING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

| | 2020 £ | 2019 £ |
|------------------------|---------------|---------------|
| Aggregate compensation | <u>80,578</u> | <u>65,544</u> |

Transactions with related parties

The company has taken advantage of the exemption available in FRS 102 (s33 "Related Party Disclosure"), whereby it has not disclosed transactions with other group companies.

Included within debtors due within one year:

- Receivable from Dexerto Limited amounting to £62,814 (2019: £50,309), related by virtue of common directorship.
- Receivable from The Bike Club Limited amounting to £189,829 (2019: £85,021), S Daryani is a shareholder, the son of a director of the company.

Included within creditors are loans from:

- Mr M Friend amounting to £100,000 (2019: £320,000) on which interest of £17,974 (2019: £8,667) was charged for the year. Mr M Friend is a director of the company.
- Mr B Friend amounting to £222,000 (2019: £222,000) on which interest of £17,627 (2019: £20,763) was charged for the year. Mr B Friend is the son of a director of the company.
- Mr S Daryani amounting to £55,000 (2019: £Nil) on which interest of £Nil (2019: £Nil) was charged for the year. S Daryani is the son of a director of the company.

Included within creditors is an amount of £200,000 (2019: £200,000) owed to Aquasource Algae Group Plc. Included within creditors due within one year is £61,476 (2019: £200,000) and included within creditors due after more than one year is £138,524 (2019: £Nil) on which interest of £2,760 (2019: £10,038) was charged for the year. Mr R Daryani is a shareholder of Aquasource Algae Group Plc.

Included within creditors is an amount of £208,334 (2019: £141,666) owed to Specialbalance Limited. Included within creditors due within one year is £77,077 (2019: £75,000) and included within creditors due after more than one year is £131,257 (2019: £66,666) on which interest of £32,377 (2019: £33,189) was charged for the year. Mr R Daryani is a shareholder of the holding company of Specialbalance Limited, Aquasource Algae Group Plc.

Other loans (Note 15) are secured by a cross guarantee from the director and the parent company Rivers Finance Group Plc.

Included within administrative expenses is an amount of £49,500 (2019: £30,000) relating to rent and service charges to GH Daryani & Co Limited, related by virtue of common shareholder.

RIVERS LEASING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

21 Ultimate parent undertaking and controlling party

The ultimate parent undertaking is Rivers Finance Group Plc by virtue of its holding of 100% of the issued share capital of the company, and by virtue of the control exercised by that company over the finance and business decisions made.

The ultimate controlling party is R Daryani, by virtue of his majority shareholding in the parent company.

22 Cash absorbed by operations

| | 2020 £ | 2019 £ |
|--|------------------|--------------------|
| (Loss)/profit for the year after tax | (152,746) | 273,386 |
| Adjustments for: | | |
| Taxation charged | - | 67,389 |
| Finance costs | 1,532,470 | 1,217,721 |
| Depreciation and impairment of tangible fixed assets | 9,591 | 8,285 |
| Movements in working capital: | | |
| Increase in debtors | (1,875,737) | (4,888,396) |
| Increase in creditors | 144,163 | 524,333 |
| Cash absorbed by operations | <u>(342,259)</u> | <u>(2,797,282)</u> |

23 Analysis of changes in net debt

| | 1 April 2019 £ | Cash flows £ | Market value movements £ | 31 March 2020 £ |
|---------------------------------|---------------------|------------------|--------------------------------|-----------------------|
| Cash at bank and in hand | 117,047 | 496,463 | - | 613,510 |
| Borrowings excluding overdrafts | (17,578,604) | (1,058,152) | (1,520,663) | (20,157,419) |
| | <u>(17,461,557)</u> | <u>(561,689)</u> | <u>(1,520,663)</u> | <u>(19,543,909)</u> |